PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 512

PART 1

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-NINTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2011

COMPRISING PERIOD
21 June 2010—1 July 2010

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21 June 2010

THE
PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

FIFTY-NINTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 512**

THIRD VOLUME OF SESSION 2010-2011

House of Commons

Monday 21 June 2010

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

COMMITTEE OF SELECTION

Ordered,

That Geoffrey Clifton-Brown, Tony Cunningham, Michael Fabricant, Mr Mark Francois, Mark Hunter, Helen Jones, Mr Frank Roy, Mr John Spellar and Angela Watkinson be members of the Committee of Selection until the end of the current Session.—*(Angela Watkinson.)*

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State for Culture Olympics, Media and Sport was asked—

Local and Regional Media

1. **Nigel Adams** (Selby and Ainsty) (Con): What plans he has to support the activities of local and regional media providers; and if he will make a statement. [2994]

7. **Miss Anne Begg** (Aberdeen South) (Lab): What plans he has for the future of regional news on channel 3. [3000]

9. **Emma Reynolds** (Wolverhampton North East) (Lab): What plans he has for the future of regional news services; and if he will make a statement. [3002]

13. **Jason McCartney** (Colne Valley) (Con): What representations he has received on the future of local and regional media; and if he will make a statement. [3006]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): It is a fundamental priority for this Government to reform the regulatory structure to allow the emergence of a new generation of local media companies, including high-quality local TV companies, which we have never properly had in this country, and I have already taken steps to make that happen.

Nigel Adams: My right hon. Friend is absolutely right to focus on local media. We have a great tradition of local newspapers in this country, including in my constituency the magnificent *Selby Times*, and not forgetting *The Press* and *Wetherby News*. Does he see such local papers playing a role in the development of local television stations?

Mr Hunt: I welcome my hon. Friend to his position, particularly given his background in the telecoms industry. I hope he can contribute to a discussion of that policy area, given his understanding of convergence between telecoms and broadcast technologies. He is absolutely right that this is not simply about the future of local television, but about the future of our struggling local newspaper sector. He mentioned in glowing terms his local newspapers, but the truth is that for everyone in this country local newspapers are incredibly important as a focus for community activities and in holding locally elected politicians to account. I hope that by relaxing the cross-media ownership rules at a local level,

local newspapers such as the ones in his constituency can develop into multi-media operations across different technology platforms.

Miss Begg: What the Secretary of State just said flies in the face of the fact that one of his first decisions in government was to scrap the independently funded news consortiums that STV was depending on to deliver its news, which it finds increasingly expensive. STV is now very worried about the future of news, as are the people of Scotland, because we might be left with the BBC as the only pan-Scottish news deliverer on terrestrial television. What will the Secretary of State do to ensure that STV can continue delivering news, and to ensure that a plurality of news is provided through terrestrial TV in Scotland?

Mr Hunt: I entirely agree with the hon. Lady that it is absolutely essential that we have a plurality of news provision. However, the previous Government's policy in that respect was to have two state-funded regional news broadcasters in every part of the country, which I think is the wrong way to ensure plurality of provision. What has worked very well in British broadcasting is that we have some broadcasters funded by the licence fee, others by subscription, and others by advertising. That is what we need to look at, which is why we have a much more ambitious model. STV is obliged to continue broadcasting in Scotland under the terms of the licence until 2014. We need to make sure that new models are up and running by that time so that it is possible to go forward with proper plurality of news provision.

Emma Reynolds: Thousands of my constituents watch BBC's "Midlands Today" and ITV's "Central Tonight" news, and indeed, they read the most successful regional paper, the *Express and Star*. Given that the Government have scrapped independently funded news consortiums, what guarantee can the Secretary give me that ITV will continue to provide a quality regional news service for the west midlands?

Mr Hunt: I welcome the hon. Lady to her position—I believe that she also name-checked the *Express and Star* in her maiden speech. If we had Wolverhampton TV, she could name-check that as well, which she should welcome, because that is very much a part of the Government's vision. ITV news providers are obliged to continue under the terms of their current licences until 2014, as I told the hon. Member for Aberdeen South (Miss Begg), so we have a window between now and then in which to allow for the emergence of a new generation of strong, profitable, ambitious and successful local media companies. We are doing that by modernising the regulatory framework, which unfortunately was not done by the previous Government, and which was set up in the pre-internet era. That is why so many local papers are struggling. I hope the hon. Lady supports our plans, because I think that they would be good for local papers in her area and for a new generation of TV companies.

Jason McCartney: May I welcome the Secretary of State and his Ministers to the Front Bench? As everybody else is doing this, may I also name-check my local newspaper, the *Huddersfield Daily Examiner*? As someone who used to work in ITV regional news, I know the importance that Ofcom attaches to vibrant local and regional media for local democracy. Bearing in mind the current economic climate, what definite plans does the Secretary of State have for ensuring that ITV regional news provides strong competition for BBC regional news?

Mr Hunt: I also welcome my hon. Friend, and particularly as someone whose background includes working both as an ITV broadcaster and as a BBC journalist, because BBC journalists have often tended to be represented more on another side of the House. The answer to his question is that we have to ensure that BBC news provision has competition. That is essential, although it is not necessarily the case that that competition must come from ITV; it might come from more local news providers. That is why the plans that we are putting forward will be so significant.

Mr Ben Bradshaw (Exeter) (Lab): I give a warm welcome to the Secretary of State and his colleagues in their new posts, but could he please explain to the House why he has allowed his Department to be downgraded, in that we have lost 15 minutes from our previously hour-long Question Time?

On regional news, is the reason why the hon. Member for Bath (Mr Foster), who is an excellent Member of this House, has been excluded from this Front-Bench team—indeed, why all Liberal Democrats have been excluded—that they agree with us on this question and not with the Secretary of State?

Mr Hunt: I thank the shadow Secretary of State for the courtesies that he extended to me when I was in his position and he was in mine. He will be amused to know that local newspapers from his area are still being delivered to my private office, because it takes some time to cancel the subscription. I would like now to give him a copy of the *Western Morning News*, in case he is missing it. Let me tell him that under this Government, my Department has not been downgraded; it has been upgraded, because we are now responsible for the Olympics, which we were not before.

Mr Bradshaw: The right hon. Gentleman might like to know that tickets to the Royal Opera House for him and his wife have been delivered to my home in London—tickets that I have been foolish enough to send back to the Department. However, given what he has just said about local and regional news, can he point to a single other European country—not America, where market conditions, including in the advertising markets, are completely different, as he knows—where his model flies?

Mr Hunt: I cannot, because no other country in the world is trying to allow the emergence of truly cross-platform multi-media local media operators in the way that we are envisaging. If we look at countries such as France and Germany, we see successful local TV stations in places such as Paris and Lyon. I would ask him why, when he was Secretary of State, he did nothing to progress proper local TV in this country, when it is something for which communities up and down the country are crying out.

Music Venues

2. **Mr Don Foster** (Bath) (LD): What recent representations he has received on arrangements for the performance of live music in small venues. [2995]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): I welcome this question from my honourable colleague. He has been a long-term campaigner on this issue, and he makes an important point. He will know, because we have had discussions on the issue, that we are committed to moving as fast and as positively as we can towards better arrangements for the performance of live music in small venues. I hope to be able to make an announcement on that in due course. Specifically in answer to his question, we have received one representation from a Member of the House of Lords and one from a member of the public.

Mr Foster: I congratulate the Minister and all the Front-Bench team on their appointments. Let me say how delighted I am that the Minister has confirmed that this Government are pressing ahead to improve the position for live music performance in this country, and particularly in small venues. However, I hope that he will agree, first, that no further consultation is necessary, and secondly, that we need to make the case more effectively for more reliable and trusted data on the current position of live music in this country.

John Penrose: I take the hon. Gentleman's point about the concerns about the quality of the data. I am told that the statistics produced by the Department are all compliant with Office for National Statistics guidelines, but there is a great deal of concern among live music performers in particular that although the data might be technically accurate, they do not represent the whole truth. However, if he or the industry has some specific examples of how they can be improved, I would be delighted to hear them.

Kelvin Hopkins (Luton North) (Lab): I welcome the Minister to his post. Britain's rich musical culture is still inhibited by restrictions on performances in small venues. Would it not be more rational to impose limitations on the volume of music—on amplification and decibels—and not on the numbers of musicians, and on where and what they play?

John Penrose: The hon. Gentleman has made the point during questions before—and very accurately—that it depends not on the number of people playing but on the volume to which the amplification machinery is cranked up. He is absolutely right. One of the crucial points that needs to be examined is whether there is a noise-nuisance solution as opposed to a solution to do with the number of performers, and that is one of the options that we will be looking at going forward.

Mr John Whittingdale (Maldon) (Con): Is my hon. Friend aware that the unanimous recommendation of the Select Committee—that there should be an exemption for smaller venues of a capacity below 200—was supported by the previous Government, who were intending to introduce a regulatory order to provide an exemption for venues of a capacity below 150, and that there was widespread disappointment that that was not done? Will he confirm that he sees no need for any further consultation and that he will move to introduce the necessary order as soon as possible?

John Penrose: My concern is that my hon. Friend's proposal goes for a particular solution when there might be a broader and potentially more radical solution that should also be considered. If we go for other alternatives, we will need to consult on them, but if we decide to go down the route of ideas that have already been thoroughly canvassed, I would obviously want to move as fast as possible and reduce the level of consultation to the bare legal minimum.

Chris Bryant (Rhondda) (Lab): One thing that really irritates fans of live music, whether in large or small venues, is all too often having to pay £200, £300 or £400 on the secondary ticket market for a ticket that at face value costs only £20, and that none of the money goes either to the venue or to the artist. Will the Minister look again at the issue of secondary ticketing?

John Penrose: I would be delighted to entertain any suggestions that the hon. Gentleman might send me.

Women's Sport (Media Coverage)

3. **Jo Swinson** (East Dunbartonshire) (LD): Whether he plans to take steps to increase coverage of women's sport in the media. [2996]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Hugh Robertson): As the hon. Lady will realise, it is not for the Government to intervene in the editorial policy of individual media organisations. However, the Government can help through investment to promote women's sports, as they have through London 2012—I remember the hon. Lady's contribution to the Committee involved—the Whole Sport plans and the Women's Sport and Fitness Foundation.

Jo Swinson: I thank the Minister for that reply. Research by the Women' Sport and Fitness Foundation showed that 61% of girls find that watching successful sports stars inspires them to be more active, but while we have male sport stars all over our screens, there is far less coverage of women's sport. Will the Government include some women's sporting events on the free-to-air list to help promote female sporting role models to the nation's girls?

Hugh Robertson: The answer is in two parts. We have called for independent economic analysis on the listed events review. That is due in the Department this week. We will look at that carefully before coming to any formal decision. I absolutely agree with what the hon. Lady says about the positive promotion of female role models through sport. London 2012 is a fantastic opportunity for that, and I very much welcome the decisions made about women's boxing and the equalisation of events in cycling. That, I believe, is the way to move forward.

Mr Gerry Sutcliffe (Bradford South) (Lab): I add my congratulations to the ministerial team on the Front Bench. It is good to know that the Government are to

make a decision on the listed events—in the very near future, I hope. It is right that we have seen a massive increase in the number of sportswomen who have achieved success, and they have done that through bodies such as the Women's Sport and Fitness Foundation. Can the Minister assure me that the funding for that organisation will continue? How can we have role models when the Government are doing things like cutting free swimming?

Hugh Robertson: Free swimming was, of course, a mass participation scheme, not an elite scheme, so it is completely different. As far as the Women's Sport and Fitness Foundation is concerned, we will know after tomorrow's Budget what the overall funding envelope will be and will then be able to make a decision about that scheme.

2018 World Cup

4. **Dr Thérèse Coffey** (Suffolk Coastal) (Con): What support his Department is giving to the Football Association's bid to host the 2018 World Cup. [2997]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): I know that, as this question is about the World cup, the whole House will want to wish Fabio Capello and the England team every success in the crucial match on Wednesday night. With your permission, Mr Speaker, as this is the first day of Wimbledon, we also wish Andy Murray, Laura Robson and all the British competitors success.

The 2018 World cup bid is an extraordinary opportunity for this country; the Government are wholly committed to it. The Prime Minister, my hon. Friend the Minister responsible for sport and the Olympics and I have spoken to or met the FIFA executive committee members who will make the decision.

Dr Coffey: I thank the Secretary of State for that answer. If I had not had the joy of being elected to this House, I would have been in South Africa right now, watching the games. [Hon. Members: "Ahh."] I know it is sad, but I would rather be here representing. I hope to enjoy being able to watch the games here in 2018. Will my right hon. Friend join me in congratulating the people of England on their display of fervour for our team—including my local paper, the *Evening Star*, which for the World cup rebranded itself the "England Star"?

Mr Speaker: Order. We are making rather slow progress, but the question is about the 2018 World cup.

Mr Hunt: I was in South Africa at the weekend, doing my job. I saw for myself how a World cup can unify, enthuse and excite a country. I am determined that we do the same for this country in 2018.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I am sure that the Minister is aware that Newcastle is one of the cities bidding for the 2018 World cup, and that it is immensely proud of its premiership football team. What will the Secretary of State do to ensure that the supporters of teams such as Newcastle United—I should say that I am on its supporters trust—can take steps for the co-operative ownership of their football teams? Will he meet me to discuss the matter?

Mr Hunt: I am happy to meet the hon. Lady to discuss that issue, which we are committed to exploring in a great deal more detail. If we win the 2018 World cup bid, Newcastle will be one of the successful host cities, which will be brilliant for her and fellow supporters of Newcastle United.

National Lottery

5. **Mr David Evennett** (Bexleyheath and Crayford) (Con): What his policy is on the future of the national lottery; and if he will make a statement. [2998]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): I congratulate my hon. Friend on his long-term interest in sports and local sports in his constituency. We will reform the lottery so that more money goes to arts, heritage and sport, and we will examine the case for moving to a gross profits tax. We will also stop wasteful spending, by banning lobbying activities by lottery distributors and by driving down their administration costs.

Mr Evennett: I thank my hon. Friend the Minister for that response and I congratulate him on his appointment. I am sure that he will do a tremendous job. There have been concerns about the distribution of funds, however, and it has been alleged that the previous Government siphoned off funds from the national lottery to pay for their pet projects, with the result that some worthwhile groups have missed out. Will he assure us that the matter will be looked at, to ensure that the good causes and groups that need the funds actually get them?

John Penrose: Indeed, I can. As a result of the change in shares that will be introduced over the next two years, there will be £50 million more per year for each of the major groups of good causes—the arts, heritage and sport—from 2012.

Paul Farrelly (Newcastle-under-Lyme) (Lab): In his answer, the new Minister did not mention the Big Lottery Fund. It has contributed to many good causes across the country, including the Peter Pan special needs nursery in my constituency, which takes profoundly disabled children from birth. Will he give the House some comfort that that sort of cause will continue to be supported as he conducts his review?

John Penrose: I am delighted to make that commitment, although I cannot make promises for individual good causes, as that is rightly a question for individual lottery distributors. However, as a result of the share changes and tailing-off of the Olympic top slice from the lottery funders, the total available to voluntary and community sector organisations of the kind he mentions, within the Big Lottery Fund, should increase over the next two to three years in cash terms.

National Lottery

6. **Ms Louise Bagshawe** (Corby) (Con): What recent assessment he has made of the effects on the arts sector of the funding it receives from the national lottery; and if he will make a statement. [2999]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): May I welcome my hon. Friend to these Benches and say what a delight it is to have such a distinguished author among us? I understand that her latest novel—

Mr Speaker: Order. Will the hon. Gentleman resume his seat? I do not want an essay at the start of a reply to a question. The hon. Gentleman will answer the question, and we will make do with that.

Mr Vaizey: Absolutely. I was going to say that I felt that the—

Mr Speaker: Order. May I say to the Minister that he should answer the question, and then we will move on?

Mr Vaizey: I was about to do so, Mr Speaker. I was about to say that in my view the national lottery has had a transformative effect on the arts since its creation under the previous Conservative Government in 1994, putting £3.5 billion into the arts.

Ms Bagshawe: I thank the Minister for his welcome. May I say to him that my constituents have been dismayed to see national lottery funding for the arts, sport and heritage cut by more than 50% under Labour? Will he expand a little on how he intends to return lottery funding to its original purpose, so that it will help grass-roots organisations in my constituency?

Mr Vaizey: I share my hon. Friend's concern. In opposition, we campaigned against the cuts to national lottery funding imposed by the previous Government. I am delighted that we are bringing forward measures to increase the funding available for the arts from the national lottery: in two years' time it will have increased by £50 million a year.

Tristram Hunt (Stoke-on-Trent Central) (Lab): The Minister will know that the Heritage Lottery Fund was a major contributor to the award-winning Wedgwood museum in Stoke-on-Trent. He will also know that, as a result of Pension Protection Fund legislation, the museum is in real danger of closure and threatened with a dispersal of its collection and archive. Will he meet my hon. Friend the Member for Stoke-on-Trent South (Robert Flello) and me, so that we can ensure that the Government have a proper solution to the impending court case?

Mr Vaizey: The hon. Gentleman is a distinguished historian who recently won an important history prize. This is an important issue which we are watching very closely, and I should be delighted to meet him to discuss it.

London Olympics

8. **Mr Gareth Thomas** (Harrow West) (Lab/Co-op): What steps he is taking to maximise the sporting legacy of the London 2012 Olympics. [3001]

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): We have restored lottery funding to 20% of good causes money for sport, which will be of enormous benefit to community sports projects and the encouragement of competitive sport in schools.

Mr Thomas: Given that the Olympic stadium was built in substantial part with the taxes of Londoners, can the Secretary of State assure me that as part of negotiations with any London premiership team over its future use, as a key part of the sporting legacy of the Olympics, he will ensure that a representative of the football supporters trust will be on the board of any such team using the stadium in the future?

Mr Hunt: We are strongly in favour of supporters' trusts being set up and represented on the boards of football teams, and of the presence of a football element in the legacy of the 2012 stadium. Most of all, however, we want to ensure that there is a sporting legacy that touches every school in the country, whether or not it is within travelling distance of the big Olympic venues.

Charlie Elphicke (Dover) (Con): A strong start can lead to the greatest of legacies. May I ask the Secretary of State whether the torch can come to Britain via Dover?

Mr Hunt: I welcome my hon. Friend to the House. He makes a powerful case, and I am sure that he will continue to do so.

Tessa Jowell (Dulwich and West Norwood) (Lab): I welcome the Secretary of State and his colleagues to the Front Bench. As I think the right hon. Gentleman will recognise, the achievement and ambition of the sporting legacy for the Olympics are widely acclaimed and appreciated by the International Olympic Committee. There has been sustained investment in sport in schools, an improvement in facilities, the introduction of free swimming, an unprecedented level of investment in elite sport, and lottery funding from more than just the sports lottery. A signal has already been sent that free swimming is to be abandoned. Will the Secretary of State give us a commitment that the sporting legacy—so clearly in place and so widely acclaimed—will be protected?

Mr Hunt: Let me take this opportunity to thank the right hon. Lady for her outstanding contribution to the Olympic project to date. I hope that she will be able to continue to contribute as the project reaches its final two years. I must tell her, however—while expressing the greatest respect for her efforts—that although some elements of a sporting legacy were in place, we do not believe that enough was in place. I am thinking particularly of the creation of a sporting legacy in schools throughout the country. We very much hope that we will be able to work with the right hon. Lady to ensure that every child in every school in the country is able to be touched by, and be part of, the Olympic dream, not just in 2012 but in every year thereafter.

Olympic Legacy (Wales)

10. **Huw Irranca-Davies** (Ogmore) (Lab): What recent discussions he has had with representatives of business organisations in Wales on measures to ensure a positive legacy for the private sector in Wales from the London 2012 Olympics. [3003]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Hugh Robertson): The Olympic Delivery Authority has met over 10,000 businesses as part of its engagement programme across the United Kingdom. To date, 10 businesses registered in Wales have won work supplying the ODA, and more are winning work in its supply chains, including one—B and W Tunnelling—in the hon. Gentleman's constituency.

Huw Irranca-Davies: Indeed. I welcome the Minister to his post. Does he agree that the Olympic motto, "Citius, Altius, Fortius"—swifter, higher, stronger—should apply not only to constituents of mine such as David Guest, who at the age of 20 has just become the highest-achieving decathlete apart from Daley Thompson, but to private companies such as Turfgrass Enterprises Ltd, which provided the turf for the Beijing Olympics? What more can he to do encourage excellence in the Welsh private sector?

Hugh Robertson: I thank the hon. Gentleman for his positive words about the process. The short answer is that the Olympic Delivery Authority has devoted a huge amount of time to taking the message around the country and encouraging firms to bid for contracts, and the organising committee is about to go through exactly the same process. I hope that he and other Members across the House will encourage firms in their constituencies to get involved. This is not a matter of party political difference: it is a huge opportunity for everybody and I encourage him and others to take it up.

Sporting Activity (Young People)

11. **John Robertson** (Glasgow North West) (Lab): What steps he plans to take to encourage young people to participate in sporting activity. [3004]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Hugh Robertson): Increasing opportunities for young people through sport is one of my personal, top priorities. We have already announced an increased lottery share of 20% to sport to finance that, and further details of the Government's plans for young people's sport, including a schools' Olympic-style competitive sport competition and a community sports legacy plan, will be announced shortly.

John Robertson: I thank the Minister for his answer, but I am somewhat confused. He has said, while chopping free swimming for under-16s and over-60s, that 73% of under-16s and 83% of over-60s would pay because they already swim, but his Department says that more than 50% of the people who use free swimming were non-swimmers before they started. Where does that lie in relation to the answer he has just given?

Hugh Robertson: Very simply, like any Department, we have to establish that any scheme that we run gives value for money. The PricewaterhouseCoopers report, established under the previous Government in April 2009, shows—

John Robertson: His Department's figures.

Hugh Robertson: No; they are PricewaterhouseCoopers' figures, so they are not mine at all. The figures show that there is an 83% dead weight, and that does not, I am afraid, represent value for money.

Mrs Helen Grant (Maidstone and The Weald) (Con): What plans does the Minister have to promote sport between schools?

Hugh Robertson: That is an extremely good question—*[Interruption.]* The Opposition should try asking it themselves. Promoting competitive sport in schools is absolutely this Government's key legacy objective for school sport. My right hon. Friend the Secretary of State is taking the lead in the Department's initiative in that regard and he will make an important announcement about it next Monday.

Mr Dennis Skinner (Bolsover) (Lab): Is the Minister aware that the schoolchildren of Shirebrook are only too anxious to help the sporting legacy of Britain on a brand new playing field, but unfortunately it is linked to the Building Schools for the Future programme. Will he ensure that it is built this year, so that we will have a sports field as well?

Hugh Robertson: We will do everything possible to ensure that sports facilities are built up and down the country. That is a key part of the community sports legacy plan that we are working on. The hon. Gentleman will appreciate that I cannot today, before the Budget, give him a firm commitment on Building Schools for the Future, but the direction of Government strategy, and of this Department's in particular, is very clear.

FM Radio

12. **Sir Alan Beith** (Berwick-upon-Tweed) (LD): What recent estimate he has made of the future level of demand for FM radio. [3005]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): No estimate has been made of the future level of demand for FM radio, which will depend on a number of factors. However, FM radio remains a popular medium and currently plays an important part in UK life.

Sir Alan Beith: Is my hon. Friend aware that there are more than 100 million FM radios, enabling people to enjoy music and speech in their cars, in the various rooms of their houses and on their hi-fi equipment? It would be a tragedy if all that were switched off simply because even the majority of homes had bought one digital radio.

Mr Vaizey: I am well aware of that; indeed, many of my constituents have made the same point to me. We are proceeding with digital switchover, with more than a quarter of the population now listening to digital radio, but we are taking all factors into account.

Ticket Touting

14. **Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): What steps he plans to take to reduce the level of ticket touting at major sporting and music events. [3007]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Hugh Robertson): The Government have no plans to extend existing legislation covering the resale of tickets. However, those protections are in place under the London Olympic Games and Paralympic Games Act 2006 and under most legislation involving major sports events.

Mrs Hodgson: I am sure the Minister is aware that it is increasingly difficult for genuine sports, music and theatre fans to buy tickets, especially at the last minute, and even within days of tickets going on sale. He says that there is coverage for the Olympics, but does he agree that this cover should be extended? Does he agree that we should consider introducing legislation to tackle the practice of buying tickets in bulk and selling them to people at huge profits, as that takes the price of tickets totally out of some people's reach?

Hugh Robertson: The hon. Lady makes a fair point. Indeed, I looked at the issue in view of quite a lot of the work that was bequeathed to us by the previous Administration. There is a practical problem relating to the police. I am afraid that it is very rare that ticket touts ever come to court, even when the police catch them, because the amount of police time involved in bringing the prosecution makes that very unlikely. I think that the previous Administration adopted the correct approach, which is to encourage a much more vibrant secondary ticket sale market and much more vibrant exchange market, so that fans who buy tickets but cannot attend the event can readily exchange them.

Philip Davies (Shipley) (Con): Does the Minister agree with the Select Committee on Culture, Media and Sport in the previous Parliament, which found that the secondary market for tickets was perfectly legitimate, and with the Office of Fair Trading, which found that it often works in the consumer's best interests?

Hugh Robertson: Broadly speaking, the answer to that is yes.

British Summer Time

16. **Mr Tobias Ellwood** (Bournemouth East) (Con): What recent discussions he has had with the Secretary of State for Business, Innovation and Skills on the introduction of single and double summer time. [3010]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): I am delighted to confirm that, in line with my hon. Friend's long campaign and, indeed, with the support of both the Liberal Democrats and the Labour party when it was in government, we are committed to examining this issue tremendously carefully, and I have already had conversations with my opposite numbers at the Department for Business, Innovation and Skills.

Mr Ellwood: Today is the longest day, and no one needs to be a visitor to Stonehenge or, indeed, a great reader of the Bournemouth *Echo* to realise that this is a very popular move that has cross-party support. Does my hon. Friend agree that the tourism industry at least would like such a change? Indeed, it has been calling for it for a number of years.

John Penrose: I agree that the tourism industry would like such a change, but some people have very grave and important concerns that we would do well to listen to as well. Notably, people who live in the north of the UK, particularly in the northern parts of Scotland, are deeply worried about the issue, and we need to ensure that we take their valid concerns into account.

Topical Questions

T1. [3014] **Stephen Hammond** (Wimbledon) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): In my first month as Secretary of State, I have established key priorities for my Department, including boosting philanthropy to the arts and culture, introducing a network of new local TV companies, promoting super-fast broadband, creating an Olympic tourism legacy for 2012 and setting up an Olympic-style school sports competition, and we have made good progress in all areas.

Stephen Hammond: I welcome my right hon. Friend to his place; I am delighted to see him there. He will obviously be aware that a school tennis tournament is taking place in my constituency this fortnight. He will also be aware of the Davies review of listed events. Will he please ensure that the Davies review's proposal to alter the status of the Wimbledon tennis tournament, which both the Lawn Tennis Association and the All England Club have decried as affecting investment in grass-roots sport, will be looked at by his Department before it proceeds?

Mr Hunt: I thank my hon. Friend for his question. We are looking at the independent analysis of precisely the factors that he mentions. We have a strong desire not to do anything that would restrict investment in grass-roots sport, and we will announce a decision by July.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): We have heard a bit about the legacy for sport in the Olympics, but in my constituency we are seeking the legacy of skills post-2012. What discussions is the Secretary of State having with other Departments, because decisions taken by his Department now could have a major impact on the legacy delivered by others after 2012?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Hugh Robertson): I thank the hon. Lady for that question. Indeed, it gives me the opportunity to pay tribute to the work of the right hon. Member for Dulwich and West Norwood (Tessa Jowell) in this regard. Someone told me about a month or so on from the election that, in terms of the greater legacy, it is not that nothing is happening but that we have possibly not got it into the right sort of story that people can understand. We are looking at all the different components of the legacy. We are working out how best to bring them together, and we will certainly take on board the points that the hon. Lady raises.

T2. [3015] **Dr Thérèse Coffey** (Suffolk Coastal) (Con): I welcome the recent speech given by the Secretary of State on improving internet access right across our country, especially in rural areas. That is particularly welcome to my constituents in Suffolk who suffer from not-spots and slow spots. Will he meet me particularly to discuss the fact that fibre optics are available across parts of our country, but they have been paid for by the state, and there are concerns that European state-aid rules are blocking access to something that could be used to the benefit of people right across our country?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I thank my hon. Friend for that question. I completely take on board the point that she makes. Indeed, I have raised it with officials. My understanding is that this is a grey area on which local authorities need some clarity.

Paul Goggins (Wythenshawe and Sale East) (Lab): Earlier, the Minister claimed that free swimming did not represent value for money, but in Wythenshawe, where many people are at the wrong end of health inequality, there has been a 56% increase in the use of the local pool by young people. Where is the value in cutting a scheme that helps to keep them healthy?

Hugh Robertson: I think that I said, when the figures were announced at the end of last week, that the scheme was a luxury that we could no longer afford. The fact remains—*[Interruption.]* I could get political about this. *[Interruption.]* Okay; right. One might ask some questions about a Government who, as the main plank of their sports legacy, approve a scheme that, when independently audited by PricewaterhouseCoopers, is shown to have an 83% dead-weight figure.

T3. [3016] **Sir Alan Beith** (Berwick-upon-Tweed) (LD): In the careful discussion of the summer time issue that the Minister mentioned, will he bear in mind not only the needs of northern Britain, but the unacceptability of a time zone boundary at Berwick, despite the potential advantage of my being able to arrive at my daughter's house at a time before I had set out?

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): Such a thing would never do. I am happy to confirm to the right hon. Gentleman that the issue is not a delegated matter; it is therefore the responsibility of the Department for Business, Innovation and Skills, and we agree that it should stay that way.

Chris Leslie (Nottingham East) (Lab/Co-op): Why did the Secretary of State not put in his manifesto that he was planning to axe free swimming for under-16s and pensioners?

Mr Jeremy Hunt: We did not put that in our manifesto, but why did the hon. Gentleman's party not put in its manifesto that it had £50 billion of uncosted spending commitments? If his party wants schemes such as free swimming, which in principle we like, the best thing that it could do is have a sustainable financial basis for this country.

T4. [3017] **Mr Laurence Robertson** (Tewkesbury) (Con): The Secretary of State was right to refer to the football World cup and the Wimbledon tennis tournament, which are taking place at the moment. May I remind him of the sport that attracts the second highest number of spectators in the country—horse racing? It continues to produce a magnificent sporting product, including the Cheltenham gold cup in my constituency and Royal Ascot, which was last week, but horse racing does not get the publicity that it deserves. Is there anything that the Secretary of State can do to help it to increase its profile, because it has many good—

Mr Speaker: Order. Let me say to the hon. Gentleman that races must come to an end.

Hugh Robertson: Despite the fact that horse racing does not directly fall into my brief, I can answer my hon. Friend's question, for the simple reason that many of the races that attract the largest television audiences are, of course, part of the listed events review. As my right hon. Friend the Secretary of State has said, we have called for an independent economic analysis and are looking through it at the moment, and we hope to make an announcement at the beginning of July.

John Mann (Bassetlaw) (Lab): MPs from all parts of the House attended a seminar convened by the Department for Culture, Media and Sport on race hate and the internet. What is the next stage for the Department in this important initiative?

Mr Vaizey: I understand that we are working closely with Home Office colleagues on the initiative. I read a letter from the hon. Gentleman to me only today, and I shall meet him shortly to discuss the next stages of his important initiative.

T5. [3018] **Mr David Burrowes** (Enfield, Southgate) (Con): As we seek to host the World cup, will the Minister ensure that FIFA focuses less on excluding women in orange dresses, and more on including ordinary spectators, who are increasingly priced out of watching the beautiful game?

Mr Jeremy Hunt: I thank my hon. Friend for his excellent question. He is absolutely right that the great opportunity in hosting an event such as the World cup is the opportunity for people to go to these hugely exciting events who may otherwise not have the opportunity to do so. We talked about that to FIFA, and the big strength of our bid is that it will mean that 4.5 million more people play football; that every girl in the country gets the opportunity to play it; and that we have a disability football centre set up. So there are huge strengths in getting more people involved in the game.

Mr Speaker: Order. May I gently say to Ministers that while it is absolutely understandable that they look behind them, they must face the House? Otherwise, they are not as widely heard as they might be.

Ian Austin (Dudley North) (Lab): Cycling fans like me will be glued to the television over the next few weeks, cheering on Britain's competitors in the Tour de France. With more road races in this country being cancelled than ever before as a result of out-of-date

regulations and other problems associated with police support and the rest of it, will the Secretary of State or the Minister with responsibility for sport, the hon. Member for Faversham and Mid Kent (Hugh Robertson), meet representatives from British Cycling and me, and make ironing out those problems their top priority?

Hugh Robertson: Not only can I give the hon. Gentleman that undertaking now, but I have already given it; British Cycling wrote to me as soon as I was appointed—it was a very nice letter, as he would expect—and asked if it could come and meet me to discuss exactly that issue.

T6. [3019] **Andrew Rosindell** (Romford) (Con): Would the Secretary of State be good enough to update the House on plans and preparations for the diamond jubilee of Her Majesty the Queen in 2012?

Mr Jeremy Hunt: I am delighted to tell my hon. Friend that, after questions, I have a meeting with the Queen's private secretary to progress discussions in that very area.

Thomas Docherty (Dunfermline and West Fife) (Lab): It is 15 years since the publication of the Bannister report, which looked at the vital role played by student sport in the Commonwealth games, which Glasgow will host, the London Olympics and the future World cup. What plan does the Secretary of State have for a second Bannister report to develop student sport?

Hugh Robertson: I have not had the chance to do so since becoming Minister, but in the five years in which I shadowed this brief in opposition, I met a number of university sports groups, although none of them asked me for a new review. What they wanted was a higher profile for their sport and increased opportunities. With London 2012, we have a magnificent opportunity, when this country's sport is in the eye of the world, to do precisely that.

T7. [3020] **Chris Skidmore** (Kingswood) (Con): My constituency of Kingswood in Greater Bristol is excellently served by the Bristol *Evening Post*, whose local reporters are well established and can get into the issues that matter to the local community, particularly people who do not often use the internet to get their news. Will the Minister assure us that we can support local print media better?

Mr Jeremy Hunt: The best way for us to support local print media is by not constraining them with regulations that prevent them from evolving new business models that work in the digital age. Those are exactly the plans on which my colleagues and I are working right now.

Pete Wishart (Perth and North Perthshire) (SNP): Will the Secretary of State commit his Government to pursuing the measures agreed in the Digital Economy Act 2010, or will he take advice from the hon. Member for Bath (Mr Foster), who rejected the measure with his hon. Friends and now have it as Liberal Democrat policy to repeal large sections of it?

Mr Hunt: The Act remains on the statute books, and it will be implemented. I remind the hon. Gentleman that the next stage, when Ofcom may decide to suspend connections, requires a decision by the Government. Parliament has to be consulted in that process. We will look at the progress of the earlier measures before deciding whether to proceed to that critical next stage.

LEADER OF THE HOUSE

The Leader of the House was asked—

Backbench Business Committee

1. **Chris Bryant** (Rhondda) (Lab): What recent discussions he has had on the establishment of a Backbench Business Committee. [3022]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): As I am sure the hon. Gentleman will know, my right hon. Friend the Leader of the House heard the views of hon. Members from all parts of the House in the debate last Tuesday.

Chris Bryant: I am delighted that the Backbench Business Committee has been set up, and pay tribute to the Minister and to his colleague for doing so. Something that can be immensely frustrating for Back Benchers is having to take a ten-minute Bill or a private Member's Bill through the ludicrous shenanigans of a Friday morning. Will the Minister undertake to make sure that private Members' Bills are looked at by the Committee, so that we consider them on a Wednesday evening, for the greater convenience of all hon. Members?

Mr Heath: Again, as the hon. Gentleman may know, that was debated last Tuesday. We all share the frustrations of having private Members' legislation blocked in the extraordinary procedure that we use in the House for such legislation. The Chair of the Procedure Committee, the right hon. Member for East Yorkshire (Mr Knight), suggested that he wished to look at the whole process of private Members' legislation, and I hope that his Committee can do so as a high priority. We will certainly keep in touch with that Committee and with the Backbench Business Committee in the hope of finding a better way of doing that particular area of business.

HOUSE OF COMMONS COMMISSION

The hon. Member for Middlesbrough, representing the House of Commons Commission, was asked—

LED Lighting

2. **Mr Philip Hollobone** (Kettering) (Con): If he will bring forward proposals to introduce low-cost LED lighting across the House of Commons part of the parliamentary estate. [3023]

Sir Stuart Bell (Middlesbrough): Several trials of LED technology have been undertaken in the House of Commons, and LED lighting has been installed in the upper Committee corridor, the Commons Library, the Lower Waiting Hall, the New Palace Yard turnstiles and other places. Following those trials, we have included

further installations of LED lamps in Parliament's low-energy lighting programme, such as at 1 Parliament Street and Derby Gate stairwells.

Mr Hollobone: I welcome the progress made by the House authorities. Given the fact that LED lighting uses just 5% of the electricity used by normal bulbs, hardly ever needs to be replaced, and contains no mercury, so it can be recycled very healthily, have they given any consideration to lighting Big Ben with LED technology?

Sir Stuart Bell: That is an intriguing question so early in the parliamentary Session, and one that the Commission would be happy to look into. As the hon. Gentleman knows, incandescent lighting on the parliamentary estate has been gradually replaced with lower energy lighting over the past five years. The majority of these replacements have occurred during routine lamp changes. Due to the size and complexity of the estate, detailed records of light bulbs are not kept and the proportion of low-energy lamps is not known. However, on the point that the hon. Gentleman makes, we keep developments in lighting technology under review and we will adopt low-energy solutions as they become available.

Mr Speaker: How very enlightening.

LEADER OF THE HOUSE

The Leader of the House was asked—

Sittings Patterns

3. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What proposals he plans to put to the House for the pattern of sittings of the House for the rest of 2010 and 2011. [3024]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The House has already agreed to a sitting in September this year. My right hon. Friend the Leader of the House and I would welcome Members' views on how the pattern of sittings should be organised.

Simon Hughes: May I make an early bid for a pattern of fixed and family-friendly sittings that allows colleagues to be away some time for school holidays in Scotland, Wales and Northern Ireland as well as in England, and that gives us an annual regular cycle, with the wash-up at the end of the Session in September before the conferences, and a fixed date for the start of the parliamentary year every October?

Mr Heath: I recognise the issue of Scottish, English, Welsh and Northern Irish school holidays. Different local education authorities have different term dates, so it would be impossible to align the sittings of the House completely with the school terms, but I have a great deal of sympathy with the hon. Gentleman's suggestion. There is a case for a more fundamental review of the annual sitting patterns of the House.

Huw Irranca-Davies (Ogmore) (Lab): Will the hon. Gentleman also take into account the extra-curricular activities of MPs of the better kind, such as contributing to VSO overseas? I have reluctantly cancelled a two-week engagement with VSO this summer because of the uncertainty. It is undoubtedly the case that the additional activities that MPs undertake—for example, on promoting workers' rights overseas—are to be protected. Will the hon. Gentleman take that into account as well, in looking at how we manage our timetable?

Mr Heath: I am not sure that we can guarantee to protect the timetable for all the extra-curricular activities of hon. Members, but the hon. Gentleman makes a valid point. We indicated at the earliest opportunity what we would be doing this summer, but hon. Members want a degree of certainty about the parliamentary calendar, so far as that is possible. I hope the hon. Gentleman will contribute to the review that we will set up to look at that.

Public Confidence (House of Commons)

4. **John Robertson** (Glasgow North West) (Lab): What steps he plans to take to increase the confidence of the general public in the House of Commons. [3025]

The Leader of the House of Commons (Sir George Young): We will bring forward powers for public petitions to trigger debates in the House of Commons and to initiate legislation, and we will introduce a new public reading stage for Bills. The House has also voted for significant new powers to hold the Government to account through the establishment of the Backbench Business Committee.

John Robertson: I thank the right hon. Gentleman for his answer, and a good answer it was too. Does he agree that the Independent Parliamentary Standards Authority has been a bit of a shambles? We brought it in without thinking about it. Can we make sure that there is consultation with Members and staff, to ensure that the reputation of the House is upheld, rather than the way it is at present?

Sir George Young: I am grateful to the hon. Gentleman for that question, and I know that a number of colleagues have had difficulties in accessing the system. The whole purpose of allowances is to facilitate and enable MPs to represent their constituents and hold the Government to account. I am considering whether we can have a proper channel of communication between the House and IPSA to get a sensible dialogue under way. I hope he welcomes the announcement a few days ago that there will be a review of the scheme later this year.

Barbara Keeley (Worsley and Eccles South) (Lab): Since the start of this Parliament, the coalition Government have repeatedly ignored the House of Commons when making major policy announcements, thus avoiding scrutiny in the Chamber. There have also been some major leaks. Today we have the BBC announcing that the Chancellor will freeze council tax in the Budget, and the Department of Health announced major changes to the NHS operating framework to the media hours before a written ministerial statement on those changes. The Government's discourtesy also means that copies

of statements are delivered late to the Opposition Front Bench, often with only minutes to spare. Will the right hon. Gentleman, who I think believes that good scrutiny leads to good government, assure us that statements will be made first to the House and not to the media, and that the Opposition Front-Bench team will receive a copy of the statement at least an hour before it is delivered?

Sir George Young: Of course, statements should be delivered to the Opposition on time, and during the last Parliament Opposition spokesmen did receive copies of statements later than they should have, but I wholeheartedly reject the hon. Lady's allegation about statements. By the end of today, Ministers will have made no fewer than 10 statements since the Queen's Speech, and I think that she will find that that is a higher strike rate than was achieved by the last Government. Of course, the House should be the first place to hear of any changes in Government policy.

Business of the House

5. **Jo Swinson** (East Dunbartonshire) (LD): If he will assess the merits of providing the House with provisional information on its business for more than two weeks in advance. [3026]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): With your permission, Mr. Speaker, I should like to deal for a second with future engagements, in offering my congratulations to my hon. Friends the Members for East Dunbartonshire (Jo Swinson) and for Chippenham (Duncan Hames) on their announcement at the weekend of their coalition arrangements.

I can see that there would be advantages to hon. Members in announcing the business further in advance, but decisions about the business for three or four weeks' time is usually too provisional to be helpful to the House.

Jo Swinson: I thank my hon. Friend for his kind words.

Most other workplaces manage to make some plans more than two weeks in advance, albeit on the understanding that sometimes plans have to change. Publishing greater information about future business would help hon. Members to manage their time more effectively and lead to a better functioning of the House. Will he consider experimenting with more advance notice about the business of the House?

Mr Heath: I certainly agree with the principle that my hon. Friend sets out, but this place is not quite like other places in that business on the Floor of the House is subject to many factors, including the progress of business in Committee and in another place, and decision making within Government. It is not always possible to schedule business with any certainty more than two weeks in advance, and there is a risk that providing the House with very provisional information that is subject to change could frustrate rather than inform hon. Members in their diary planning. In addition, we always seek to be topical, and that might be lost if we planned too far ahead. However, I certainly take my hon. Friend's point.

Programming of Business

6. **Philip Davies** (Shipley) (Con): What his policy is on the use of programme motions to regulate proceedings on legislation; and if he will make a statement. [3027]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The Government intend to provide adequate time for consideration of Bills on Report, when the most serious problems occurred in the last Parliament.

Philip Davies: The Minister and I regularly used to vote against the previous Government's routine use of programme motions in the last Parliament. What will be different about this Government, so that we do not have the situation where people in opposition complain about programme motions, but in government routinely use them?

Mr Heath: The hon. Gentleman remembers well what happened in the last Parliament, when very often huge parts of Bills were not considered by the House, which was a disgrace. What will be different is that there will be fewer Bills, better drafted Bills and an end to the automatic guillotine of the Report stage. However, that depends on all parts of the House having a grown-up attitude to how we consider business. *[Interruption.]* I hear the grown-up attitude evinced by Opposition Members.

John Cryer (Leyton and Wanstead) (Lab): Is not the answer to remove timetabling, or at least relax it, so that it no longer strangles debate in the House? For years now, Bills have gone through with very little debate on key parts. The answer is to go back to a time before the Jopling proposals, when we had full and free debate, and when the House could sit as late as was necessary.

Mr Heath: This is the first opportunity that I have had to welcome the hon. Gentleman back to the House. I am very pleased to see him here.

Yes, we want to ensure that the bits of Bills that need longer scrutiny receive that scrutiny, and that we have a sensible dialogue with all Members of the House—the establishment of the Backbench Business Committee will help us in non-legislative areas—to ensure that the House has its say on matters about which it is concerned, and that we do not waste time on areas where no one has a genuine interest. That is what I mean when I talk about a grown-up way of looking at the business of the House. Let us hope we get it.

Oral Statements

7. **Mark Tami** (Alyn and Deeside) (Lab): What recent representations he has received on the process for Ministers making oral statements in the House. [3028]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): A number of Members have raised issues surrounding ministerial statements in the House in recent weeks. My right hon. Friend the Leader of the House and I are always happy to continue to take representations on that and other issues.

Mark Tami: When in opposition, the Deputy Leader of the House, like his right hon. Friend the Leader of the House, was very concerned about the leaking of statements, the overuse of written statements and the lack of advance notice that was given to shadow Ministers. When will the hon. Gentleman and his colleague practise what they preach?

Mr Heath: As my right hon. Friend said, we have had 10 statements in 13 sitting days, which is not too bad. Of course, we will ensure as far as possible that Opposition spokespeople have the chance to see statements at the earliest possible opportunity.

Parliamentary Representation

8. **Diana R. Johnson** (Kingston upon Hull North) (Lab): What discussions he has had with ministerial colleagues on the implications for the House of the recommendations of the Speaker's Conference on parliamentary representation. [3029]

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): The Government wholeheartedly agree that we should take all the steps that we can to increase diversity in Parliament, and that there is a real need to make political parties reflective of the communities that they serve. We are considering the Speaker's Conference report and recommendations very carefully as we develop policies and agree priorities. As part of our coalition agreement, we have already made an early commitment to introduce extra support for disabled people who want to become MPs, councillors or other elected officials—one recommendation of the Speaker's Conference.

Diana R. Johnson: Women now make up 22% of the House—notably, the majority are Labour Members. At the start of a new Government, perhaps we ought to look at the issue with fresh eyes, so will the Deputy Leader of the House look again at the over-representation of middle-aged, middle-class white men in the House?

Mr Heath: The hon. Lady is absolutely right. I have to say that my party is, very sadly, under-represented in terms of women in the House, and we deeply regret that. The ministerial responsibility for the issue lies with the Minister for Women and Equalities, and I hope that she will make very swift progress on bringing proposals before the House.

Free Schools Policy

3.31 pm

Ed Balls (Morley and Outwood) (Lab/Co-op): (*Urgent Question*): To ask the Secretary of State for Education to make a statement on the free schools policy, which was announced in a press notice on Friday 18 June.

The Secretary of State for Education (Michael Gove): I thank the right hon. Gentleman for this opportunity to update the House on our progress on reducing bureaucracy in the schools system, giving more power to front-line professionals and accelerating the academies programme, which was begun with such distinction under Lord Adonis and Tony Blair.

During the Queen's Speech debate, I outlined in detail our plans to extend academy freedoms. I mentioned then that we had more than 1,000 expressions of interests from existing schools. I can now update the House by confirming that more than 1,700 schools have expressed an interest in acquiring academy freedoms, with more than 70% of outstanding secondary schools contacting my Department—a remarkable and heartening display of enthusiasm by front-line professionals for our plans. As I have explained before, every new school acquiring academy freedoms will be expected to support at least one faltering or coasting school to improve. We are liberating the strong to help the weak—a key principle behind the coalition Government.

As well as showing enthusiasm for greater academy freedoms in existing schools, teachers are enthusiastic about the opportunities, outlined in our coalition agreement, to create more great new schools in areas of disadvantage. More than 700 expressions of interest in opening new free schools have been received by the charitable group the New Schools Network, and the majority of them have come from serving teachers in the state school system who want greater freedom to help the poorest children do better.

That action is all the more vital, because we inherit from the previous Government a schools system that was as segregated and as stratified as any in the developed world. In the most recent year for which we have figures, out of a school cohort of 600,000, 80,000 children were in homes entirely reliant on benefits, and of those 80,000 children only 45 made it to Oxbridge—less than 0.1% and, tellingly, fewer than those who made it from the school attended by the Leader of the Opposition.

Given that scale of underachievement, it is no surprise that so many idealistic teachers want to start new schools, such as those American charter schools backed by President Obama, which have closed the achievement gap between black and white children. In order to help teachers do here what has been achieved in America, we announced last week that we would recreate the standards and diversity fund for schools, started by Tony Blair and abandoned under his successor. We are devoting to that fund £50 million saved from low-priority IT spending—less than 1% of all capital spending allocated for this year—and we are sweeping away the bureaucracy that stands in the way of new school creation, with the reform of planning laws and building regulations.

Five years ago, the then Prime Minister said outside this House:

> "What we must see now is a system of independent state schools, underpinned by fair admissions and fair funding, where teachers are equipped and enabled to drive improvement, driven by the aspirations of parents.
>
> We have pushed higher standards from the centre: for those standards to be maintained and built upon, they must now become self-sustaining to provide irreversible change for the better."

That is the challenge that Mr Blair laid down, and this coalition Government intend to meet it.

Ed Balls: I am grateful to the Secretary of State for coming to the House, because his free school policy raises important issues of funding, fairness and standards—and it should not have been smuggled out in a Friday morning press statement. I should also say that Lord Hill has written to my colleagues in the other place confirming that the Academies Bill will, in fact, be enabling legislation for free schools. The Secretary of State should have the courtesy to inform this House, and those on the Opposition Front Bench, of his plans in that regard.

On funding, will the right hon. Gentleman confirm not only that his free school policy will establish a free market in school places, in which parents will be encouraged to set up taxpayer-funded new schools at will, but that he has secured no new money at all from the Treasury to pay for it? Will he confirm that he is using savings from cutting free school lunches for poorer children to fund his announced £50 million of start-up support, and that that is a drop in the ocean compared with the billions involved in the actual cost of his new policy?

Will the right hon. Gentleman confirm Professor David Woods's finding that the proposal for a new parent-promoted school in Kirklees would

> "have a negative impact on other schools in the area in the form of surplus places and an adverse effect on revenue and capital budgets"?

The question is whether existing schools will see their budgets cut and lose teachers to pay for the new schools, and whether the Building Schools for the Future programme is now on hold to fund his new free schools policy. On fairness, does the right hon. Gentleman agree with the Swedish Schools Minister that

> "free schools are generally attended by children of better educated and wealthy families making things even more difficult for children attending ordinary schools in poor areas"?

How will he ensure that the losers from the budget cuts will not be the children of middle and lower-income families?

It is important that the right hon. Gentleman should answer this question. Has he put in place clear safeguards to stop existing private schools from simply reopening as free schools, with taxpayers taking over the payment of school fees? On standards, can he confirm that since the Swedish free schools policy was introduced, England has risen to the top of the TIMMS—Trends in Mathematics and Science Study—league table in maths and science, but Sweden has plummeted to the bottom?

Will the Secretary of State amend the Academies Bill to prevent parents from delegating the entire management of free schools to profit-making companies? Alternatively, can we look forward, as in Sweden, to the grotesque chaos of private companies scuttling around the country touting to parents, saying that they will set up a new school for them, and make a profit, at the expense of the taxpayer and other children's education?

Michael Gove: I thank the right hon. Gentleman for his questions. May I seek to put his mind at rest? He asked whether the Academies Bill created the provision for the creation of free schools. I confirm now, as I confirmed during the Queen's Speech debate, that it absolutely does. He specifically asked about free school meals and their funding. It is interesting that he should have asked that, because when he was at the Department for Children, Schools and Families, he did not secure the funding for the extension of free school meals; in fact, figures from the Treasury confirm that that was an underfunded promise, which raised the hopes of the poor without the cash being there to sustain it. It was a cynical pre-election manoeuvre, typical of the right hon. Gentleman.

I confirm to the right hon. Gentleman that under no circumstances will I take for the free schools programme money intended to extend free school meals to poor children. That money will go towards raising attainment among the poorest children. I rejected the idea that the right hon. Gentleman has attempted to advance. As I pointed out in my statement and on Friday, the money for the programme comes from low-priority IT projects. If he had simply read the press statement, rather than relying on unsubstantiated and unsourced reports, he would know that.

If the right hon. Gentleman is concerned about saving money and making economies, may I ask him this? Two weeks ago, I wrote to him asking whether he would help us to find economies in the education budget by releasing the Handover report, which he commissioned when he was in office to try to find economies in the schools budget. If he is serious about bearing down on costs and greater efficiency, will he now confirm that he will allow us to read that secret report on saving money? His silence is eloquent in itself.

The right hon. Gentleman was kind enough to refer to the words of the Swedish Schools Minister, Mr Bertil Östberg. Let me just say that the Swedish Schools Minister—*[Interruption.]* What a tongue twister that was. As the right hon. Gentleman will know, Swedish is a language, particularly given the diminution in the number of people studying modern languages under his Government, that fewer and fewer people can translate properly. He clearly cannot, because the Swedish Schools Minister said that the article from which Labour are quoting was

> "very biased. It is taken out of context...I have not warned the British Government against introducing Free Schools. I clearly said to the newspaper that the Swedish Free Schools are here to stay and that is something positive".

All the academic evidence from Sweden shows that more free schools mean higher standards. All schools improve when the number of free schools increases. A second study found that in a given municipality, the higher the proportion of free schools, the more standards rise all round. The evidence not only from Swedish free schools but from American charter schools shows that such schools help to close the gap between the poorest and the wealthiest children. It is that innovation in the cause of social mobility that lay behind the original academies programme introduced under Tony Blair, traduced by the right hon. Member for Morley and Outwood (Ed Balls), and brought back under a reforming coalition Government.

Mr Speaker: I am grateful to the Secretary of State, but just as a point of clarification—because we must not mislead the public—Ministers do not ask questions but answer them. It would be wrong to give people the impression that the shadow Secretary of State has a right to come back to the Dispatch Box during this exchange. He has not—he has had his say—and we must not mislead people to the contrary.

Jane Ellison (Battersea) (Con): Has the Secretary of State had a chance to meet people from the neighbourhood school campaign in my constituency, who have already made considerable progress towards the establishment of a new secondary school in Wandsworth—a campaign that I note that the shadow Secretary of State supported prior to the election?

Michael Gove: I thank my hon. Friend for that question. I have had an opportunity to meet that idealistic group of parents, and others in Wandsworth. I want to pay tribute to Mr Ron Rooney, Mr Jon De Maria and the other members of the group, who have done so much. My hon. Friend is right: the right hon. Gentleman was warm towards that group when he was in government. Warmth towards the group has also been extended by the local authority—Wandsworth borough council—and its leader, Edward Lister. Like so many other local authorities, it has warmly welcomed this initiative to introduce pluralism, diversity and high quality in the state education system.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Does the Secretary of State agree that admissions policy is at the heart of any policy in terms of opening up schools to pupils in a fair way? Does he have any plans to change the admissions code or the power behind it that ensures that it works?

Michael Gove: I intend to ensure that all free schools and all academies continue to abide by the existing admissions code, that all schools that are currently comprehensive remain comprehensive, and that schools are as inclusive as possible.

Mr Rob Wilson (Reading East) (Con): What can my right hon. Friend do to ensure that free schools can be set up quickly and easily in places such as Reading, where they will prove very popular indeed?

Michael Gove: I am grateful to my hon. Friend for his question. I know how committed he is to improving education in Reading and elsewhere. We are ensuring that we reform the building regulations that hold schools back at the moment. Under the previous Government, we saw the absurdity of schools having to measure the distance between cycle racks before they could go ahead with construction; unless that was between 600 mm and 1 metre, the school could not be built. It is that sort of absurd, pettifogging, centralising bureaucracy that we need to sweep away so that money goes where it needs to go—towards the front line and towards children in Reading and elsewhere.

Glenda Jackson (Hampstead and Kilburn) (Lab): If the funding for academies and free schools is to come from the cancellation of low-priority IT schemes, does that mean that the Secretary of State is firmly committed

to the Building Schools for the Future programmes and other financial support that was promised in my constituency to tackle the shortage of school places that exists, not only in primary and secondary schools?

Michael Gove: I am grateful to the hon. Lady. I know that in Camden, the Conservative and Liberal Democrat-led council has been working incredibly hard to ensure that there are sufficient school places. I am grateful to her for her support for that programme, and to University College London for doing so much to help to support an academy. We are doing everything we can to ensure that we guarantee school places for children in Camden.

Annette Brooke (Mid Dorset and North Poole) (LD): Will the Secretary of State apply a wider interest or public interest test when considering applications for free schools, and can he guarantee that he will give due consideration to local authorities' views, whether they be favourable or unfavourable?

Michael Gove: Yes, and yes.

Mr Tom Watson (West Bromwich East) (Lab): I am grateful to the Secretary of State for announcing the number of schools that have expressed an interest in the project. Will he publish the list of schools so that we can see what the national picture is, and will he explain why not, if there is a problem with doing that?

Michael Gove: I am talking to all those schools now to ensure that we can all have as much information as possible about those that have expressed an interest, so that we can celebrate their moves towards greater independence.

Nadhim Zahawi (Stratford-on-Avon) (Con): Will my right hon. Friend tell us what discussions he has been having with teachers? I believe that it was teachers who were the driving force behind the charter school movement in America.

Michael Gove: I am grateful to my hon. Friend. One of the most heartening things has been the enthusiasm that teachers have shown for our extension of academy freedoms. Just last Friday I was talking to Jodie King, an inspirational assistant head teacher in Ealing who wants to set up a free school, and I have spoken to the Sutton Trust, which represents the interests of teachers who are keen to promote social mobility, and which wants to see free schools established.

I have talked to Mr Heath Monk, the head of Future Leaders, the programme that has done more than any other to encourage great young people to become head teachers, and found that it wants its alumni to support the extension of the free schools programme. I was also able to talk to Brett Wigdortz and a number of Teach First alumni, all of whom want to join in extending the free schools programme. That is all on top of the more than 2,000 head teachers to whom I spoke at the conference of the National College for Leadership of Schools and Children's Services last week, who gave me a cordial response.

Phil Wilson (Sedgefield) (Lab): Will the Secretary of State tell me how many free schools he anticipates will open in converted shops?

Michael Gove: I hope that the schools will be set up in a variety of new buildings—*[Interruption]*—and in some old buildings as well. If we examine what has happened in Sweden, for example, we see that many new schools have opened in libraries, disused university buildings and observatories. They are model buildings, but I am sure we all agree that the most important thing about education is the quality of teaching and learning. That is why the enthusiasm of the teaching profession for the changes that we are making is so hot.

Charlotte Leslie (Bristol North West) (Con): Could my right hon. Friend tell me what measures he will take to prevent the loss of land usable for education and schools, which we have seen over the past decade, so that free schools can be set up on the land of schools that have closed down?

Michael Gove: My hon. Friend makes a very good point. We are taking steps to ensure that D1 land, on which schools are built, remains there for school buildings and is not used for commercial reasons.

Angela Smith (Penistone and Stocksbridge) (Lab): Can the Secretary of State reassure the House that he will not at any time during the course of this Parliament use financial or political pressure to push schools into applying for free school status?

Michael Gove: I absolutely can. The legislation will be permissive, which is why it is so important that we rely on the enthusiasm and idealism of teachers to push it forward.

Guy Opperman (Hexham) (Con): I used to be an education barrister, and my last case, in March 2010, was on behalf of the then Secretary of State for Children, Schools and Families. It was probably his last ever success.

Does the Secretary of State see a place for rural schools in Northumberland receiving proper funding in future, as they have been underfunded for so very long?

Michael Gove: The right hon. Member for Morley and Outwood was lucky to have had such an effective brief to act on his behalf.

I appreciate that in Northumberland, as my hon. Friend and my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) have pointed out, there are real problems with the state of the fabric of school buildings. One problem that we had with the Building Schools for the Future programme in the past was that far too often money did not reach the front line with sufficient speed. Local authorities had to spend an average of £7 million each before a single brick was laid or builder contracted. That degree of waste and bureaucracy was scandalous, and we will end it.

Kate Hoey (Vauxhall) (Lab): Will the Secretary of State give us an assurance that when a successful primary or secondary school wishes to pursue Government policies, the Government will support it even if the local authority decides not to do so for ideological or other reasons?

Michael Gove: I am grateful for the hon. Lady's support. We will do everything possible to support teachers, just as I know she would wish.

Mr Don Foster (Bath) (LD): Given the Secretary of State's very welcome assurance that before a free school or an academy is agreed to, the wider public interest test and the views of the local education authority will be considered, does he believe that in addition there may be a role for the schools adjudicators to evaluate areas of concern?

Michael Gove: I am grateful to my hon. Friend for his point. I know that he, as someone who used to lead for the Liberal Democrats on education, is particularly concerned about the impact of changes on his area of Bath and North East Somerset. We have had fruitful conversations about the position in that local authority, and I hope that we will continue to have such constructive conversations.

Mike Gapes (Ilford South) (Lab/Co-op): Can the Secretary of State tell us the position of the national curriculum in those so-called free schools? Do the proposals mean that religious extremists will receive state funding to carry out education not in accordance with the national curriculum?

Michael Gove: I share the hon. Gentleman's commitment to fighting extremism in all its forms, and I pay tribute to the role that he has played, both as a constituency MP and on the Select Committee on Foreign Affairs, in drawing attention to the dangers of extremism. He will be aware that as an Opposition Member, I was insistent that we do not give public money to extremist groups. That is why I have said that no school can be established unless the individuals who are setting it up do so with an ethos and curriculum that are in accordance with the democratic values of this country. More than that, we will operate according to the principles that were laid out in the Policy Exchange report, "Choosing our friends wisely", which was endorsed by the right hon. Member for Salford and Eccles (Hazel Blears), as a means of ensuring that not only violent extremists, but extremist groups, do not receive public funds and are unable to exploit the generosity of the state.

Claire Perry (Devizes) (Con): Will the Secretary of State confirm that one of the first applications he received for new academy status was from the outstanding St John's comprehensive school in Marlborough, which has just had an enormous £25 million rebuild without a penny of Government money? Does he agree that the model it is proposing of a rural federation, whereby it has a suite of primary schools, is incredibly important in large rural constituencies?

Michael Gove: My hon. Friend hits the nail on the head, as ever. It is critical that people realise that outstanding schools are going on the journey to acquiring greater academy freedoms in order to help other schools. That may mean underperforming primaries, or nearby faltering or coasting schools, and the example of St John's, Marlborough, and everything it has done, is inspirational.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Will the Secretary of State tell us why he is going to give £500,000 to the New Schools Network, an organisation run by his former special adviser?

Michael Gove: I am giving that money to the New Schools Network because it is the organisation that is best placed to carry forward our programme of ensuring that we provide support. May I say that I am proud of the fact that the New Schools Network has among its trustees Geoffrey Owen, the former editor of the *Financial Times*—and a former employer of the right hon. Member for Morley and Outwood. If Geoffrey Owen's judgment is deficient in any regard, I am sure the right hon. Gentleman will tell me all about it.

Chris Skidmore (Kingswood) (Con): In the United States, one of the greatest champions of greater school freedoms is President Obama. Can the Secretary of State tell us about the successes of the charter schools movement in the US, particularly in New York?

Michael Gove: My hon. Friend is passionately committed to improving the education of the very poorest, and therefore I am sure he will be interested to know that in New York, charter schools, including the Knowledge is Power Program charter schools, have closed the attainment gap between children from African-American and white backgrounds, and that the Harlem Children's Zone, an inspirational project led by Roland Fryer, has ensured that the gap in attainment between the very poorest ghetto children and white children in New York has been closed successfully. For those who argue that charter schools, academies or free schools cream, skim and select only the most aspirational or talented, the work of Caroline Hoxby and other academics proves that such schools recruit the very poorest children and then ensure that they go to the very best universities. That is an inspirational model that I hope to see established here.

Liz Kendall (Leicester West) (Lab): Will the Secretary of State give some reassurance to Babington college in my constituency, which I visited on Friday, and which has just become a national challenge trust school? As part of the bid to become such a school, it was promised money to provide extra one-on-one tuition, which is beginning to make a real difference in one of the most challenging and deprived parts of my constituency. Will he reassure that school that it will get that funding so that it can provide the necessary tuition?

Michael Gove: I congratulate the hon. Lady on being elected as secretary of the Labour party's Back-Bench education committee. May I extend an invitation to her and other members of the committee to come to the Department, so that we can talk not just about the issues in Babington, but more broadly? We want to ensure that national challenge trust schools and those schools that have been in difficulty continue to receive funding and, more importantly, that they continue to receive the support that they need from national leaders of education, in order to drive up standards.

Andrew Percy (Brigg and Goole) (Con): As we move forward on the innovative free schools idea, can we have an assurance that their responsibilities towards excluded children will be exactly the same as those of any other school in the state system?

Michael Gove: My hon. Friend is a former teacher, and a brilliant one at that. We will ensure that all academies continue to abide by the same rules on admissions, hard-to-place children and exclusions that apply to all state schools.

Ian Austin (Dudley North) (Lab): The Secretary of State knows that I have spent the past five years trying to persuade the councils responsible for Dudley school to transform standards by introducing academies and producing a decent bid for Building Schools for the Future. Before the election I was promised that the Department had funds available if the councils were able to produce a decent bid. Does that promise still stand?

Michael Gove: I know how passionate the hon. Gentleman, who is the son of a head teacher, is about ensuring that that school moves towards achieving academy status, and he knows how keen I am on academy status. I suggest that he come into the Department, so that we can talk about exactly how we can advance that programme.

Caroline Dinenage (Gosport) (Con): There is a desperate shortage in some of the schools in my constituency. In particular, the other day I met a Navy wife, like myself, who has five kids who go to four separate schools, which must be an absolute nightmare logistically. Will the Secretary of State give more details about the planning changes that will be made to ensure that schools can set up quickly and easily to meet parental demand?

Michael Gove: I am hugely sympathetic to my hon. Friend. The number of children born in the past few years has risen dramatically, and as a result of that welcome baby boom, there is pressure on school places across the country—in Slough, in south and west London, and in Hampshire, too. We will ensure that we remove some of the obstacles that exist with regard to the use class order system so that buildings that can be transferred to school use are transferred more quickly. We will also change some of the onerous building regulations that currently inhibit the effective use of handsome buildings that could be brilliant schools.

Chris Leslie (Nottingham East) (Lab/Co-op): The Secretary of State explained earlier that the free-market schools programme was going to be paid for by savings from lower priority IT programmes, and he seemed to indicate that he had an idea of how much they would cost. Can he therefore tell the House what the budget will be in this financial year for that venture?

Michael Gove: Yes, we are devoting £50 million from the harnessing technology fund from lower-level IT projects, in order to recreate the fund that was set up by Tony Blair—the standards and diversity fund—which was abolished under the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown). I know that the hon. Gentleman was a keen Blairite before he became the previous Prime Minister's campaign manager. Let me say to him that his earlier allegiance to standards and diversity is now being upheld by this coalition Government.

Several hon. Members *rose—*

Mr Speaker: Order. I am grateful to colleagues for their co-operation, but all good things come to an end. Time is pressing and we must move on.

Ed Balls *rose—*

Mr Speaker: The shadow Secretary of State will know that points of order come after statements, so he will have to raise his point of order later.

European Council

3.57 pm

The Prime Minister (Mr David Cameron): I am sure that the whole House will join me in paying tribute to Trooper Ashley Smith from the Royal Dragoon Guards, who was killed in Afghanistan last week. He died serving our country, and our thoughts are with his family and friends. We have also heard news this morning that a member of 40 Commando Royal Marines has died from his injuries. He is the 300th member of the British armed forces to lose his life as a result of the conflict in Afghanistan.

When such a tragic milestone is reached, we should re-emphasise our support for our armed forces and for all that they do. Inevitably, some will use this moment to question our mission and our purpose there. We are paying a high price, but let me be clear: we are in Afghanistan because the Afghans are not yet capable of securing their own country from terrorists. It is for our own national security that we help them. When they can do it alone, we will leave. In the meantime, we must give our armed forces everything they need to get the job done, and that includes our unequivocal support right across the country.

With permission, I should like to make a statement on last Thursday's European Council. It was rightly focused on securing the economic recovery, and it was unanimous that this required early action on budget deficits. The Council also dealt with Europe's growth strategy, the need to sort out the problems in the eurozone and our approach to the G20. It also delivered important progress on Iran. I would like to take each point in turn.

On deficits, the conclusions from the Council could not be clearer. Delaying action would entail "major risks", and the Council called on member states to meet budgetary targets "without delay". Since the last European Council, the problems in Greece and the scale of the sovereign debt crisis have become apparent to almost everyone. That is why there is such unanimity across the EU for early action. It is also why President Barroso paid tribute to the efforts the UK Government, saying:

"Consolidation is necessary for confidence and without confidence there will be no growth."

On growth, the Council agreed a new strategy called Europe 2020. This follows on from the Lisbon agenda, the aim of which was to make Europe the most competitive market in the world. The document has some worthwhile objectives, including raising the level of research and development and improving education. This should not interfere with national competencies, so I secured explicit agreement that the new strategy must be

"fully in line with the relevant Treaty provisions and EU rules and shall not alter Member States' competences".

We should be clear that all the strategies in the world cannot conceal the fact that EU countries all need to get to grips with the real problems that harm our competitiveness—not by endlessly setting targets, but by taking action. This includes action on the extent of our debts, on the affordability of our pensions and on the scale of our welfare dependency. Europe has never lacked strategies, but European countries have frequently failed to deliver them.

We will also continue to press for the real stimulus that European economies need—that is, more trade, more international investment and more action to break down the barriers to business. This means pushing for agreement on Doha, reforming and completing the single market and making the process of trade easier. Even without Doha, there is a huge amount that countries across the world can do to facilitate trade. I want Britain to be one of the driving forces in helping to bring this about.

Next is the eurozone. Britain is not in the euro, and, let me be clear: we are not going to join the euro—[Hon. Members: "Hear, hear."]—but a strong and successful eurozone is vital for the British national interest. Already, about half our exports go to the EU, four fifths of them to the eurozone. As this House is aware, however, with the situation in Greece and the need for a support package from the other eurozone members, there is no doubt that the eurozone as a whole faces real challenges. So I was generally supportive of the Council's efforts to strengthen the eurozone governance arrangements, but I was equally determined to ensure our national interests are protected.

On budget surveillance, let me be clear: the UK Budget will be shown to this House first and not to the Commission. Of course, we will share projections and forecasts, just as we do with the International Monetary Fund and other international bodies: so, co-ordination and consultation, yes; clearance, no, never.

On sanctions, for those who breach their economic obligations, the Council agreed that

"Member States' respective obligations under the Treaties will be fully respected".

Because of this, and because of the special opt-out negotiated by the last Conservative Government, sanctions cannot be applied to the UK under the current framework.

Sorting out the eurozone and adding to its governance arrangements is clearly vital for Europe. There may well be significant changes coming down the track. Whether they require treaty changes or not, our position will be the same: we will back measures that will help sort out the eurozone; we will not back measures that pass power from the UK to Brussels. As we are not members of the euro, we will not back measures that draw Britain further into financial support for the euro area.

On the G20, the EU Council discussed our priorities for the upcoming meeting. As well as taking action on the deficit, the Council also agreed about the importance of reforming the financial system. It is vital that the meeting in Canada back the right action on reserves and on capital.

On the issue of a banking levy, the European conclusions were helpful. We wanted the Council to endorse the idea of countries introducing a levy on financial institutions to ensure they make a contribution to rebuilding public finances. We did not want the Council to mandate a particular form of levy or how the money raised should be used. I am pleased to say the Council conclusions reflect that approach.

On Iran, we argued that it is time for action, not just words. The Council conclusion refers to measures, including restrictions on trade, banking, transport and the oil and gas industry. Final agreement will be reached at the Foreign Ministers' meeting.

The Council also reached important conclusions on Iceland's application to join the EU. This country should be a good friend to Iceland and a strong supporter of continued EU enlargement. But Iceland does owe the

UK £2.3 billion in respect of the compensation paid by the Government to UK investors, following the collapse of its banking sector. We will use the application process to make sure that Iceland meets its obligations, because we want that money back.

Finally, it is important that even in difficult times we support people in the poorest countries who suffer from the most severe poverty. The European Council reaffirmed its commitment to achieving development aid targets by 2015 and, supported by the UK, to review that annually.

The Council delivered good outcomes for Britain. Our citizens do not want new structures to talk about things, but a new resolve to do things, such as getting a grip of our massive budget deficit, developing the single market and building the conditions for strong, sustainable and balanced growth. That is what the Council was all about. I commend the statement to the House.

Ms Harriet Harman (Camberwell and Peckham) (Lab): May I join the Prime Minister in paying tribute to the two soldiers who have lost their lives: Trooper Ashley Smith from the Royal Dragoon Guards; and a Royal Marine from 40 Commando Royal Marines. As the Prime Minister has said, 300 members of our forces have now given their lives in Afghanistan in the service of our country. We pay tribute to their bravery and honour their sacrifice, and our thoughts are with their families. I strongly agree with the Prime Minister about the cause for which our soldiers are fighting in Afghanistan: they are fighting there to keep our streets safe here. That is why the Opposition join the Government in support of our troops and their mission. As we approach Armed Forces day, let us remember all our servicemen and women, whether they are stationed abroad or at home. Their skill and courage are unsurpassed.

I thank the Prime Minister for his statement. First, may I endorse his support for the summit's declaration on Iran, which again shows that on issues of international concern, we who are EU member states have a bigger impact when we combine our efforts? Does he agree that while the threat of a nuclear-armed Iran remains a matter of the utmost concern, the international community is now more united than ever before in searching for a peaceful solution, and that the active EU diplomacy we have seen in recent years has played an important part in that? Will he tell us whether there is a timetable for further EU action on Iran? Will he confirm the importance not only of sanctions and diplomatic pressure, but of international engagement with the people of Iran? Will he therefore give an undertaking that the BBC Farsi service will be protected from any threats to the budget of the BBC World Service?

Secondly, may I also welcome the EU summit's strong commitment to meeting the millennium development goals by 2015 and the Prime Minister's endorsement of that? The terrible crisis of drought, food shortages and starvation in Niger is a vivid reason why we must have international action on development. Will he not be a stronger voice in the EU, for the whole of the EU to make development a priority, if his Government continue to prioritise development? Following the Labour Government's commitment, the European Commission recommended that all EU member states should consider legislating to enshrine the 0.7% aid target, which the Labour Government established. Will the Prime Minister take forward in this Session of Parliament the Bill that we introduced to make that target legally binding?

Is it not the case that we can only be effective in Europe if what we say and do there is matched by what we say and do at home? In that regard, may I commend the Prime Minister on his reference in his pre-summit article to what he describes as the

"shocking inequality of women in many parts of Europe"

and what he says is the "urgent need for change"? If he recognises the "shocking inequality" of women elsewhere in Europe, can he act on it here? Will he show Europe that he means at home what he says in Brussels by committing himself to implementing the Equality Act 2010 as soon as possible and to pressing on with the plan to make employers publish the gender pay gap?

What will the Prime Minister do about his Tory MEPs who clearly have not got the message at all and abstained in the vote on the millennium development goals, and who voted against measures to combat gender inequality only last week? He thinks it is "shocking", but they seem to be all in favour of it.

The Council focused on economic growth, and I welcome the summit's adoption of the Europe 2020 strategy for growth, which stated that

"priority should be given to growth-friendly budgetary consolidation strategies"

and that

"increasing the growth potential should be seen as paramount to ease fiscal adjustment in the long run."

In other words, it said, "Don't undermine growth when you're cutting borrowing", and, "You need growth to be able to bring borrowing down." According to the official summit conclusions, one of its main objectives is

"to unlock the EU's growth potential, starting with innovation and energy policies".

We agree with that. That is what the Prime Minister signed up to in Brussels. However, he is doing something very different here at home. How does it help growth to cut business investment support, and how does it

"unlock the EU's growth... starting with... energy"

to cancel the loan to Sheffield Forgemasters allowing it to build the next generation of nuclear power stations? Does this not mean that Europe, as well as the United Kingdom, will lose out as South Korea and Japan proceed with that work?

Let me turn to the important question of financial services. We welcome the intention to implement a new system of levies and taxes on financial institutions, and to explore an international approach. May I ask the Prime Minister to say more about the progress report on the work of the taskforce on economic governance? There is a British representative on it, and the taskforce has implications for the United Kingdom as well as for eurozone countries. Which, if any, aspects of enhanced economic governance might be applied to the United Kingdom?

This was the Prime Minister's first European Council. He is now representing our country in Europe. So is it not time for him to have a sensible rethink about the wisdom of continuing to exclude himself from the grouping of centre-right political leaders? The European People's party includes President Sarkozy, Chancellor Merkel, and the Prime Ministers of Sweden, Italy, Poland and many other countries; but instead of meeting them to prepare for the summit, the Prime Minister has a meeting with one Polish MEP to prepare for Britain's contribution.

[Ms Harriet Harman]

The general election is over. The right hon. Gentleman is Prime Minister now. Will he put aside his pandering to his Europhobic Back Benchers and agree with his Liberal Democrat coalition partners on this point? That is what would be in Britain's interests.

The Prime Minister: Well, the right hon. and learned Lady is right about one thing: the general election is over.

The right hon. and learned Lady is absolutely right about Iran. We do need great unity on this issue; and Europe forging ahead together with a very strong statement about sanctions, then introducing sanctions, is right. She asked when it would be finalised. That will happen on 26 July, at the Foreign Affairs Council, and the sanctions should come into effect in October.

The right hon. and learned Lady asked about the BBC service in Farsi. I can confirm that it will continue to be funded well, because it is important. We should be looking at all the elements of soft power and how we project our influence in the world, and that is clearly one of them.

The right hon. and learned Lady mentioned the millennium development goals and the importance of prioritising development. We agree with her about that. It was on the insistence of the British, among others, that we put the annual review of development assistance into the Council conclusions, partly so that we could ensure that other countries are living up to the obligations under which they place themselves. We will continue to do that, although we are clearing up the most almighty financial mess at home. As for making it legally binding, we agree with that, and will produce plans to make it happen.

The right hon. and learned Lady spoke about consistency, and about the importance of recognising the gross inequality of women. We will set out measures for greater transparency, including transparency in pay. We are in favour of that.

The right hon. and learned Lady mentioned our MEPs at great length. I can tell her that I will be keeping a careful watch on what Labour MEPs vote for, because they do not always vote in a sensible way.

Chris Bryant (Rhondda) (Lab): What about the Liberal Democrats?

The Prime Minister: We will be having a look at them too.

The right hon. and learned Lady also spoke at great length about borrowing. She mentioned the dangers of falling behind South Korea. I have to say that if we followed her advice, I think we would be falling behind North Korea, but let me say this to her about the issue of borrowing. The Council's conclusion could not be clearer. It said:

"We reaffirm our collective determination to ensure fiscal sustainability, including by accelerating plans for fiscal consolidation where warranted".

Where is it more warranted than in Britain, where Labour left us with a £155 billion public sector deficit?

It is interesting, that, following the sovereign debt crisis and what has happened in Greece, the Labour party is completely isolated in Europe in not believing that we need to take early action on the deficit. Every other country is having to take this sort of action, including painful action. The right hon. and learned Lady does not have to talk nonsense because she is not taking part in the Labour leadership election, so she should talk some sense and recognise that we have to get our deficit in order, we have to take action and it is the right thing to do.

Richard Ottaway (Croydon South) (Con): The Council called on the Foreign Ministers at their next meeting to implement the United Nations sanctions against Iran. Does the Prime Minister agree that that is a big step in the twin-track strategy of combining sanctions with engagement and assistance, and does he have in mind any event or date that would trigger a definitive assessment of whether or not the twin-track strategy against Iran is actually working?

The Prime Minister: I am grateful for my hon. Friend's question. The key is to try to get the maximum number of countries behind the most specific list of sanctions possible. I think that what we have had in recent years is a lot of talk about sanctions and a lot of commitments to sanctions. Now is the time for countries actually to come up with what they are specifically going to target in terms of bank accounts, trade finance, oil and gas works and the rest. That is what should happen. My hon. Friend asked for a specific date as to when this should be assessed; I think it is an ongoing process. What we are trying to do here is tip the balance in the mind of Iran in terms of making progressing with a nuclear weapon more expensive, in order to get it to think again. There is no one date for that; it should be continually assessed.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): May I join the Prime Minister in paying tribute to the 300th member of the British armed forces who lost his life, not least because he lost it in my constituency of Birmingham, Edgbaston, where the Royal Centre for Defence Medicine and the medical facilities are located?

On the European Council meeting and the Prime Minister's response, he was very positive about the 2020 agenda. Given that the 2010 Lisbon agenda was vacuous, useless and did not deliver anything, why does he think the 2020 agenda, which is going to build on that, will produce anything more useful?

The Prime Minister: First of all, may I agree with what the hon. Lady says about the medical facilities in her constituency? Like her, I have been to the Selly Oak hospital and what is done there is incredibly impressive, as is the fact that our returning servicemen and women have access to all the many excellent hospitals in Birmingham, so that all the specialities can be dealt with.

On the 2020 document, I did not think that I did sound that enthusiastic about it, because like the hon. Lady—I suspect we agree about this quite a lot—I am rather suspicious of these strategies, as what really needs to be done is greater action within each European Union country to deal with the problems of our lack of competitiveness. That is about welfare dependency, the scale of our pensions obligations and our uncompetitive

tax rates. Sitting around and strategising is one thing, but what we really need to do is roll up our sleeves and get on with the work of making our economies more competitive; otherwise, 2020 will join Lisbon in being dreams that are unfulfilled.

Sir Menzies Campbell (North East Fife) (LD): Can the Prime Minister tell us whether there was any discussion at the Council about the European security and defence and policy, and in particular whether, either at the Council or later, he had any discussion with President Sarkozy about the possibility of closer defence co-operation between the United Kingdom and France? Would that not be a very good memorial to General de Gaulle?

The Prime Minister: The right hon. and learned Gentleman is absolutely right in raising this issue. It was not specifically discussed at the European Council, but I discussed it over lunch with President Sarkozy when he was here for the de Gaulle commemoration. There are some real opportunities, because when we look at the defence needs of Britain and France, we see that we both have effective armed forces, we both have a nuclear deterrent and we both have important naval forces. There is room for more collaboration and co-operation. This has fallen down in the past because we have often talked a big game, but nothing has happened. What we should do is start with some smaller projects where we begin to collaborate and work together and show this makes sense, and then we can take the work forward. But I think this is good for both of us when we want to maintain strong defences, yet we know that we both face—if I can put it like this—issues of affordability.

Mike Gapes (Ilford South) (Lab/Co-op): The Prime Minister referred to enlargement of the European Union only in the context of Iceland, but was there any discussion about what is happening in the western Balkans in relation to membership of the EU not just for Croatia, but for the other states of former Yugoslavia?

The Prime Minister: My right hon. Friend the Foreign Secretary was in Sarajevo recently. The hon. Gentleman will find that there is great enthusiasm on the Government side of the House for further enlargement of the European Union. Obviously, Macedonia is a candidate country, and, obviously, we want Croatia—and, in time, others—to join the EU. It struck me, at my first European Council, just what a positive difference enlargement has made, particularly in relation to members from central and eastern Europe, who, on many issues, take a similar view to us and can be very useful allies. This is an agenda that we want to push forward. In terms of maintaining stability and peace in the western Balkans, anchoring those countries into the European Union is a thoroughly positive thing to do.

Mr William Cash (Stone) (Con): The Prime Minister referred to economic recovery. There are currently as many as 30 European directives in the pipeline which will deeply affect our financial regulation and economic governance, nearly all of which are by qualified majority voting and co-decision. There is also the issue of European social and employment legislation. How will my right hon. Friend—and, of course, the Chancellor tomorrow—regain and retain control over those economic issues?

The Prime Minister: My hon. Friend makes a very good and reasonable point. There are threats to our competitive position coming from the European Commission and, more particularly, from the co-decision procedure and the great strength that had been given to the European Parliament under the Lisbon treaty. It makes our work harder, I have to be frank. In relation to the de Larosière package on financial regulation, a reasonable compromise was reached, but the European Parliament has unpicked that and made it much more burdensome from the British point of view. Now, there is no alternative to having to fight back to the compromise that we left. It is not a satisfactory situation. One thing on which my hon. Friend and I agree is that the Lisbon treaty was not a step forward.

Angus Robertson (Moray) (SNP): I join the Prime Minister in paying tribute to service personnel. These tributes resonate especially in my constituency, which has suffered the single biggest loss of UK service personnel aboard Nimrod XV230 in Afghanistan.

While he was in Brussels, did the Prime Minister have the opportunity to congratulate Mr Bart De Wever, the winner of last week's Belgian general election? Does the Prime Minister join me in wishing both Flanders and Wallonia well as neighbours and partners within the European Union?

The Prime Minister: Getting involved in potential grief between Flemings and Walloons is an area that I do not want to head into, if the hon. Gentleman will forgive me.

Nicholas Soames (Mid Sussex) (Con): I join my right hon. Friend in paying tribute to the fallen, and I warmly congratulate him on the judicious way in which he balanced British and European interests at the European Council. Did he have an opportunity to discuss the accession of Turkey to the European Union? Will he confirm that, not least because Turkey continues to play a very important role in world affairs, that continues to be a cardinal act of British policy?

The Prime Minister: My hon. Friend is absolutely right about supporting Turkish membership of the European Union. I think that we should back it wholeheartedly. It is very important for the future of Europe and for the future of Turkey. It was not specifically discussed at the European Council, but we should all be concerned by the signs that Turkey is beginning to look in other directions, and we should be doing all we can to anchor her into the European Union. The decision that the Turks have taken regarding Iran is depressing from that point of view, so it should continue to be our policy to support Turkish membership wholeheartedly and to try to persuade others to do the same.

Mr Tom Watson (West Bromwich East) (Lab): On tackling the deficit in pensions obligations, did the Prime Minister discuss his review of state pensions in the UK, and can he confirm that that extends to the armed forces pensions schemes?

The Prime Minister: What I can confirm is that the former Member for Barrow and Furness, John Hutton, is going to lead this review, which is looking at pensions within the state sector. It is a very important piece of

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work and I am sure that its terms of reference will, in time, be placed in the House of Commons for the hon. Gentleman to look at.

Michael Fallon (Sevenoaks) (Con): Does my right hon. Friend agree that the striking unanimity on urgent deficit reduction shows how right the Government are to get on with it? May we take it from his statement that Britain's liability towards future eurozone stability will not extend beyond the measures agreed by the former Chancellor on 9 May?

The Prime Minister: I can give that assurance. It is absolutely our view that we should not go further than the last Government, in our view, mistakenly went. Britain has advantages from staying outside the euro. I have never supported our membership of the euro and never will, because I have always believed that, once we join the euro, the pressures for single economic government get greater and greater, and that is what we are seeing within the eurozone. But it is in our interests for the countries of the eurozone to sort out their problems. We should not stand in their way, as they try to do that. Our conditions should be that we will not support something that transfers power from Britain to Brussels, and we will not support something that takes us further into financial support for the eurozone, but we should be in favour of measures to make sure that that zone works.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): European investment funds have played a major part in boosting jobs and the economy in Liverpool and other parts of the north-west, with the Northwest Regional Development Agency playing a major role in ensuring that they come to the region. Was there any discussion about how that can be continued?

The Prime Minister: We did not discuss regional policy specifically. It is important that we make sure that investment continues into the regions, and the hon. Lady will know that we have announced plans for how we think we can do even better than the regional development agencies have done. I recently read out a list about some of the very wasteful amounts of spending they have been engaged in. What we want is real money going into our cities to make sure that development takes place. *[Interruption.]* The right hon. Member for Doncaster Central (Ms Winterton) shouts about Sheffield. I ask her to look at the shareholder structure of that organisation to see who would really benefit from that not very well thought through piece of financial engineering.

Mr Julian Brazier (Canterbury) (Con): I welcome my right hon. Friend's comments on progress on Iran, but does he agree that the future of Afghanistan is also important to all members of the European Union? Does he agree that it is time that some of our European partners did more to share in the sacrifices of blood and treasure that our forces are making there?

The Prime Minister: My hon. Friend makes an excellent point, and it is one that we should, and do, make all the time in the EU and NATO. As he knows, one of the things we should push for is the reform of NATO, so that we get a common operational fund so that countries such as Britain that are making such a big contribution do not have to pay twice. So we believe in trying to do this. We should also be clear to other countries, which perhaps feel that they cannot do more in the front line, that there is huge amount of logistic support—helicopters, transport and other support—that they can do now and that is incredibly welcome.

Mr Dennis Skinner (Bolsover) (Lab): Did the Prime Minister show a little bit of gratitude for the decisions of the Labour party conference and people such as Labour Members who decided not to join the eurozone many years ago, showing great foresight and calling on the then Chancellor to write out the five conditions that kept us out? There must be a little part of him that is envious of that.

The Prime Minister: I do not want to sound uncharitable, but I remember that the last Conservative Government negotiated the opt-out from the single currency that gave us the ability to stay out of the single currency, and I pay tribute to my right hon. Friend the Foreign Secretary, who, in difficult circumstances, made the argument against the single currency. What I remember, when the hon. Gentleman was sitting on the Government Benches rather than on the Opposition Benches, is the then Government wasted about £30 million on preparations for joining the euro. I could have given them that advice for free: do not join it.

Alec Shelbrooke (Elmet and Rothwell) (Con): May I congratulate the Prime Minister on showing some leadership in Europe once more—Britain is grateful—and will he confirm to the House and the public at large that, having drawn red lines in the sand on our position in this country, he will never give them up just to further his own career after the House?

The Prime Minister: Yes, I can confirm—*[Interruption.]*

Mr Speaker: Order. I do not know what the former Minister for Europe had for breakfast, but perhaps we should be on it—or, alternatively, perhaps we should not.

The Prime Minister: I am not going to go there; neither am I applying for some European supernumerary position and all that, but it is important that we set out clearly what we want to achieve. But I say again that we are not against members of the eurozone sorting out their own affairs. We should not stand in their way. We want a strong eurozone; we just do not want Britain to be part of it in joining the single currency, and we also do not believe that we should give it further financial support. Those are the keys that we must stick to.

Chris Heaton-Harris (Daventry) (Con): In this era of pan-European budget consolidation, will the Prime Minister confirm that he will insist, in the spirit engendered by the words, "We are all in this together", that the continually rising European Commission budget benefits from considerable shrinkage in future?

The Prime Minister: Can I say first how glad I am that my hon. Friend decided to quit the European Parliament and to join us here in the Westminster Parliament, although he left the European Parliament just at the moment at which it has given itself a large

dollop of extra power? I absolutely agree with him: the next European budget needs to be at worst a freeze and at best a reduction. I do not say that because of any particular ideological animus; I say it because we will be making difficult budget decisions here in the United Kingdom, and our constituents will not understand if we make budget reductions in the UK, but the European budget increases—it just will not wash.

Kate Hoey (Vauxhall) (Lab): The Prime Minister made a statement on the formal business at the European Council, but as it was his first Council meeting, would he like to share with us, in the privacy of the Chamber, how he really felt about being there, in terms of his attitude, support and work with other leaders? Did he get a feeling that those leaders understood that the vast majority of people in the United Kingdom do not want any more powers to go to Europe, and indeed want to get some powers back as soon as we can?

The Prime Minister: I think that there is a good understanding in the European Union of the British position, and an understanding that we are practical, logical, sensible people. We think that the European process of integration has gone too far and should not go further, but we also want to be constructive and positive. The hon. Lady asked for my impressions. One of the things that does strike one is that enlargement has been a success for the United Kingdom, in terms of being able to drive our national interests forward; that is helpful. The other impression is about the primacy of the economic problems that Europe faces. It is a really difficult situation that some European countries face, and grappling with that, with the future of the euro and the eurozone, and with how it will work, will consume an enormous amount of attention in Europe. I thought that there was a general approach—positive, from our point of view—that the organisation should now be about action, substance and political will, rather than endless treaties, processes and institutions. If that could be the case for the coming few years, I, for one, would be very grateful.

Damian Hinds (East Hampshire) (Con): After the Prime Minister's constructive discussions with European leaders, and the European Commission President's emphasis on fiscal consolidation and structural reform, is he feeling isolated in Europe, as Labour Members suggested he would?

The Prime Minister: Absolutely the opposite. What is interesting is that, since what has happened in Greece and the problems of sovereign debt, European Union members are pretty much unanimous that one has to take action on budget deficits, and one has to do it now. The risk is falling confidence; that people will not lend us money; and going the same way as Greece. The one group of people who now seem to be completely outside that consensus are those in the British Labour party. They, for reasons of political advantage—or pretend political advantage—are the last people who think that one does not need to deal with the budget deficit. That is very short-sighted and very wrong, and I think that they will come to regret it.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): If the Prime Minister is telling us that there is widespread agreement across Europe that deficits need to be cut, can he tell us exactly what progress was made in getting his European partners to agree that the money with which we subsidise the European Union will be cut? I am talking about not just the costs of the bureaucracy, but the subsidy that we give every year to the EU.

The Prime Minister: I know that the hon. Gentleman takes quite a robust view on this, but I have to say that, from where I stand, the previous Government gave away £7 billion of the British rebate and got nothing in return, in terms of a proper review of the common agricultural policy. As I said, when it comes to financial perspectives for the EU, we have to constrain the spending of the organisation, particularly as we will be constraining the spending of pretty much everything else.

Mr Peter Bone (Wellingborough) (Con): Could the Prime Minister tell the House how he was received in Europe now that we have a British bulldog representing the interests of Britain, instead of the former Prime Minister, who was like a French poodle?

The Prime Minister: Perhaps when it is a person's first European Council, they give them a slightly softer ride. If Britain states our positions clearly, and if we work hard, particularly with allies in France and Germany, to put forward our positions and why they matter so much to us, we can meet with success, but we should have a positive agenda. As well as protecting our competences and keeping ourselves out of the single currency, we should have a positive agenda about trade, Doha and completing the single market, because all our economies need the stimulus that trade and investment can bring. There is no money left in the European kitties; one can see that by looking at the other leaders sitting around the table, and at how they are feeling, given their own budget deficits. So the best stimulus that we can have is free trade, Doha and completing the single market.

Chris Leslie (Nottingham East) (Lab/Co-op): As a matter of record, will the Prime Minister say that, at the European Council, there was absolutely no discussion whatsoever of the risks to economic growth from cumulative or excessive spending cuts across Europe, or was he just not listening to those bits?

The Prime Minister: I was focused and listening to every minute of the discussions. We want to get it right in dealing with deficits and encouraging growth, but the conclusions make it clear that those countries with really bad deficit problems have to take action. When one sits at the table and looks at the problems in Greece, and at the difficulties in Spain, one asks oneself who has the biggest budget deficit, and the answer is Britain, because we were left it by the Labour party.

Guy Opperman (Hexham) (Con): The right hon. and learned Member for Camberwell and Peckham (Ms Harman) accused the Prime Minister of pandering. Does the Prime Minister agree that the only people who are behaving like pandas, which have notoriously bad vision, are the Opposition, who have signed away so much over the past 13 years?

The Prime Minister: My hon. Friend is right. Over the past 13 years, we have had a succession of treaty changes, whether Nice, Amsterdam or Lisbon, but we

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have not had the action that we needed to complete the single market to make the differences that would help our economy. We should aim for fewer institutional changes—not more treaties—and getting things done in Europe that will benefit the British economy.

Huw Irranca-Davies (Ogmore) (Lab): Understandably, much of the discussion focused on economics and the financial situation, but may I ask whether, in his discussions with Iceland, and in future discussions at the International Whaling Commission, the Prime Minister will make sure that the previous Government's long-standing position on a moratorium on whaling is upheld, and that there is no diminution to allow a resumption of commercial whaling?

The Prime Minister: Yes, I can give the hon. Gentleman that assurance. Two things stand out. First, if Iceland is to join the European Union, which has a ban on whaling in its waters, it must accept that what it does is incompatible with membership, so that would have to change. Secondly—I raised this in my meeting with the President of the European Commission—it is important that, if Europe discusses its position on whaling, countries should be able to vote against any form of resumption of commercial whaling without being in danger of some sort of infraction proceedings. I made that position absolutely clear.

Jason McCartney (Colne Valley) (Con): May I ask the Prime Minister how warm a welcome he received in Europe, bearing in mind the fact that he went over there to get commitments on our behalf, whereas his predecessor used to travel over there to concede our powers?

The Prime Minister: My hon. Friend makes a good point. We must take a clear approach and talk with other European leaders about our concerns, as it is an organisation in which people are fundamentally trying to help one another, rather than do one another down. If we are clear about why we have red lines and what they mean, it is perfectly possible, when we have built up alliances, to get them agreed. This country should always stand up for itself in Europe. We do not aim to be isolated, but there will be occasions when we are on our own. It is important that we are prepared to stand up and say what we think when that happens.

Stella Creasy (Walthamstow) (Lab/Co-op): May I press the Prime Minister to say a little more about his discussions in the European Council on the banking levy, and where that leaves those of us who are desperate for action on global poverty and climate change, particularly the introduction of a so-called Robin Hood tax?

The Prime Minister: I am grateful for that question. There was a long discussion about the issue of a transaction tax, and great support for that within the European Council. I was keen to make sure that countries such as the UK that want to introduce a banking levy, and that would like international agreement but nevertheless want to go ahead in any event, should be able to do so without being bound by the EU to introduce a particular sort of tax or to spend the money in a particular sort of way. That was achieved.

If the hon. Lady looks at the EU Council's conclusions, she will see that they say that we should continue to explore and develop the case for a transaction tax, which is sensible. However, I must tell her that it will be difficult to get international agreement for such a tax, which is why Britain is right to take the approach that it has taken.

Mr Philip Hollobone (Kettering) (Con): There did not appear to be any agreement on the future shape of the European External Action Service. How can Britain's best interests be advanced in that respect?

The Prime Minister: My hon. Friend makes a good point. Obviously, our party did not support the Lisbon treaty or the creation of the European External Action Service. I am very keen that resources are not badly spent or badly used on the service. Not much progress has yet been made. We will work to try to ensure that the service increases nation states' ability to project themselves in the world, and does not become an expensive bureaucracy.

Mr Speaker: Last but not least, I call Nadhim Zahawi.

Nadhim Zahawi (Stratford-on-Avon) (Con): Will the Prime Minister tell the House the number of countries in Europe that have understood the difference between emergency financial help and structural change of their economy? The only party left to understand the difference is the Opposition.

The Prime Minister: My hon. Friend makes a good point. All the countries of Europe understand the need for action to reduce budget deficits and have signed up to the 2020 document, which, as I said, has good things in it, but the real action that we all need to take to make sure that the countries of Europe are not stuck in a slow-growth uncompetitive position as against Brazil, Russia, India, China and all the future fast growers, is to look at our real problems—our structural problems, our high costs, our high taxes—and to work out that we will have to take difficult decisions to make Europe more competitive, so that we can pay for the public services and the higher living standards that we all want.

Points of Order

4.41 pm

Jo Swinson (East Dunbartonshire) (LD): On a point of order, Mr Deputy Speaker. May I ask your advice? Tomorrow the House will vote for the Chair of the new Backbench Business Committee. Given that the aim of the Committee is to give Back Benchers control over non-Government business, would it not be inappropriate for members of the Government and Opposition Front-Bench Members to vote in the election tomorrow?

Mr Deputy Speaker (Mr Lindsay Hoyle): The hon. Lady makes an interesting point. The advice is that on the one hand, there is no provision in the Standing Orders barring any Member from taking part in the proceedings; on the other hand, voting is not compulsory. I am sure that Members will listen to that advice. This is ultimately a matter for individuals to decide for themselves, rather than for the Chair to decide.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): Further to that point of order. Mr Deputy Speaker. It may be helpful to the House to know that the business managers on the part of the Government—my right hon. Friend the Leader of the House, myself, the Chief Whip and the Deputy Chief Whips—will not take part in that election.

Mr Deputy Speaker: I think the answer has been made clear. It will be interesting reading for other hon. Members to take that advice on board.

Vernon Coaker (Gedling) (Lab): On a point of order, Mr Deputy Speaker. I received an answer today to a parliamentary question to the Treasury on the distributional impact of a 1% rise in VAT. The Treasury answered me by saying that it cannot provide that information. Is it in order for me to ask for a Treasury Minister to come to the House urgently to explain what the distributional impact of a 1% rise in VAT would be? Is it not extraordinary that, on the day before the Budget, the Treasury seems unable to give that information?

Mr Deputy Speaker: I am sure that, with his experience, the hon. Gentleman knows that that is not a point of order for the Chair, but he has got it on the record, and no doubt if he puts a message in to the Speaker tomorrow, it could be looked at in due course.

Ed Balls (Morley and Outwood) (Lab/Co-op): On a point of order, Mr Deputy Speaker. May I welcome you to the Chair? On the basis of my experience, there is no doubt that the Treasury has that information. The only question is why it is unwilling to bring it to the House. On a different issue, may I seek your guidance on urgent questions? I asked the Education Secretary a particular question, which was whether private schools could reopen as free schools and then pass on their school fees to be paid for by the taxpayer, rather than by parents. Is there any obligation on the Secretary of State to answer an urgent question in the House, or will the Department follow the path of the Treasury and not answer the question even when it knows the answer?

Mr Deputy Speaker: The right hon. Gentleman has put his point on the record. It is not a matter for me, but I am sure that it will be read tomorrow.

Barbara Keeley (Worsley and Eccles South) (Lab): On a point of order, Mr Deputy Speaker. At 9.25 this morning, the Department of Health announced a major revision of the NHS operating framework, and the story ran in the media all morning. I checked repeatedly for a written ministerial statement; it did not appear. There was no copy of the announced changes until 12.40 pm, more than three hours later. The statement deals with major changes in health policy, including the removal of guaranteed access to a general practitioner and the guaranteed 18-week waiting time for hospital treatment, and the lowering of the threshold of four-hour waits at accident and emergency. Should there not have been an oral statement to the House on these major NHS policy changes, not a written statement issued three hours late?

Mr Deputy Speaker: That matter is now on the record. If the hon. Lady were to table an urgent question, I am sure it would be considered through the usual channels.

Chris Bryant (Rhondda) (Lab): Further to the point of order made by the hon. Member for East Dunbartonshire (Jo Swinson), Mr Deputy Speaker. It is surely right that the Backbench Business Committee should be elected predominantly by Back Benchers, not by Front Benchers. I fully understand and accept the point made by the Deputy Leader of the House that the Leader of the House and the business managers will not take part in that vote, but may we publish not how people vote, but whether they vote tomorrow, so that we can know whether Ministers vote?

Mr Deputy Speaker: The hon. Gentleman rightly makes his point, which I am sure will be taken on board and considered in due course, but it is not for the Chair to make that decision today.

Mr Tom Watson (West Bromwich East) (Lab): On a point of order, Mr Deputy Speaker. Yesterday, the Chancellor announced on the BBC a major review of public sector pensions, but today the Prime Minister was unable to confirm the terms of reference for that investigation. Have you received representations from the Chancellor or the Secretary of State for Work and Pensions to come to the House to tell us the terms of the review, or would the Secretary of State for Defence like to enlighten us in the next debate?

Mr Deputy Speaker: Many points of order are being made that are not a matter for the Chair. Once again, the matter has been put on the record.

Dr Alan Whitehead (Southampton, Test) (Lab): On a point of order, Mr Deputy Speaker. On 10 June, I asked the Minister for Housing a question concerning the powers that Southampton city council has concerning homes in multiple occupation, and in regulation. The answer I received that those powers would be maintained has proved not to be true and to be seriously misleading. Is it in order for you to ask the Minister to come to the Chamber to give me an answer that is both true and not misleading?

Mr Deputy Speaker: The point has been well made and it is on the record. It is not for the Chair to decide, but I am sure that the usual channels will pick up that point.

Strategic Defence and Security Review

4.47 pm

The Secretary of State for Defence (Dr Liam Fox): I beg to move,

That this House has considered the matter of the strategic defence and security review.

On this sad day when the House has heard the news of the 300th member of the armed forces losing his life in Afghanistan, our thoughts and prayers are with his family and friends, as well as with all those other service families who are mourning their losses. It is also appropriate to remember the families of the victims of violence from 9/11 to the present day. We did not initiate this cycle of violence, but we will certainly confront it.

I am pleased to open this debate on the Ministry of Defence contribution to the strategic defence and security review. All parties in the House committed themselves at the election to holding this review. The Green Paper from the previous Government, with its all-party approach, produced broad agreement on the need for fundamental reform, and I am sure that all Members will agree and reiterate that the defence of the nation should be above the worst excesses of partisan party politics.

In this review, we will need to challenge many preconceptions and think clearly about what we as a country want and need from our armed forces, and what we can afford. I want to ensure that we benefit from the expertise in the wider defence community, including partners in industry, academia, non-governmental organisations and the charitable and voluntary sector.

It is also essential that members of the House of Commons have a proper opportunity to make their views known on behalf of themselves and those whom we represent. In that light, Members submissions on the defence review should be made directly to me at the Ministry of Defence. Those in the other place with specialist interests will also be especially welcome to make submissions. Most importantly, the Prime Minister and I are determined that members of the armed forces and their families have an opportunity to contribute, and the service chiefs will set out shortly how that will be achieved. There has already been a lively debate about the choices that we face, and the MOD will continue to engage. Today, I shall set out the coalition Government's broad approach to the defence review, an assessment of the financial backdrop, a description of the strategic environment and, finally, the way ahead.

Conducting a defence review while fighting a war in Afghanistan is rather like trying to build a ship while still at sea. Afghanistan must remain our priority, and as part of the international coalition of 46 nations we must prevail. None the less, after 12 years without a defence review, when our armed forces have at times been overstretched, with some current equipment overused or out of date, with programmes from the cold war that are of less relevance today, and in our dreadful economic and financial circumstances, it is clear that change must come. The review will need to provide a step change, not salami-slicing. We will have to bring defence policy, plans, commitments and resources into balance, confront the harsh facts of the economic climate in which we operate and make a clean break from the military and political mindset of cold war politics.

Let me give the House just one example. In the past, military might has been measured by conventional capabilities, such as tanks, aircraft and ships that we can inspect and review; but technology is already moving on at such a rate that there are new domains of warfare, such as cyber and space, where we will require capabilities in which the Government will have to invest but which the public might not be able to see. We also see the development of asymmetrical capabilities that serve to deny us the effectiveness of our conventional capabilities. It makes sense for any adversary to develop what are commonly referred to as area-denial or anti-access strategies in order to deny us the use of our conventional military capabilities without matching us tank for tank, ship for ship or jet for jet. We should not hope that our adversaries do not do so; we should expect and plan that they will; and it is vital that the review consider that point.

Angus Robertson (Moray) (SNP): I congratulate the right hon. Gentleman on his new position. Ministry of Defence statistics show that since the previous strategic defence review there have been more than 10,000 defence job losses in Scotland and an under-spend of more than £5.6 billion. What consideration will be given in this SDSR to ensure a fair and balanced defence footprint throughout the nations and regions of the United Kingdom?

Dr Fox: The point of the review is to ensure that we have the proper defence for the United Kingdom. We will have further things to say about the defence industrial strategy and how we will take that forward, not least because it represents high levels of employment in some economically less well-off parts of the United Kingdom, and we will come to the House with those proposals in the near future.

Chris Bryant (Rhondda) (Lab): I, too, welcome the right hon. Gentleman to his new post. I could make a similar point about St Athan with regard to Wales and, for that matter, more deprived areas of the country. However, that is not the point that I want to make about St Athan. Rather it is that, in the light of what the right hon. Gentleman said about the changing nature of warfare, technical training is far more important now than it was 30 or 40 years ago. Is it not absolutely vital that one of our highest priorities be to ensure that such training is improved for all our troops? Does that not mean that we should support and he should support—this is my submission—the St Athan defence training college?

Dr Fox: Given my experience of the hon. Gentleman, I would be extremely surprised if that were the end of his submission, and I look forward to an undoubtedly weighty document landing on my desk. I understand his points, and training is absolutely vital, particularly given the increasing professionalism in the armed forces and the increasing complexity involved. None the less, he will understand that, while that project is being considered as part of the SDSR, it would be inappropriate for me to give him even a hint of our position on it, but if he makes a personal submission, I shall certainly ensure that I read it—undoubtedly at length.

Mr Tom Watson (West Bromwich East) (Lab) *rose—*

Dr Fox: I give way to the Labour party election godfather.

Mr Watson: I shall be polite to the Secretary of State even after that comment, Mr Deputy Speaker. The Secretary of State was always courteous to me during my short time as a junior Defence Minister, and I hope to return the courtesy over the next year or two.

Will the right hon. Gentleman say whether the review will consider the international conventions used for the engagement of advanced technology? I am thinking particularly of drone planes. Does he believe that such planes are within international law when they are used for the targeted extra-judicial killings of suspected terrorists?

Dr Fox: As the hon. Gentleman would expect, that issue will not be part of our review, but it is part of the sort of discussions that we need to have with our allies about the wider issues in respect of the conduct of warfare. I am sure that the Foreign Secretary and his colleagues, as well as Ministers and officials inside the MOD, will want to take on those discussions.

I thank the hon. Gentleman for what he said towards the beginning of his intervention. He was always extraordinarily courteous to the Opposition when he was in government. We shall endeavour to act in the same way, and I am sure that he will bring us up if we fail to do so.

Jeremy Corbyn (Islington North) (Lab): I thank the Secretary of State for giving way and, like others, I congratulate him on his appointment. In his opening remarks, he said something to the effect that he was going to do away with cold war thinking and look at problems of expenditure in that context. Britain's development of nuclear weapons was entirely a product of the cold war. As I understand it, Britain's possession of nuclear weapons and the Trident system will be ignored and not taken into account in the defence review. Has there been any change of thinking on that? Some of us would be astonished if defence policy could be reviewed without a review of nuclear weapons as well.

Dr Fox: A few years ago, we had an extensive debate in the House of Commons on what we thought, as a Parliament, was the best way to take forward Britain's nuclear deterrent. The Conservative party, in opposition at the time, agreed with the Labour Government's position then, and our position has not changed.

However, I say this to the hon. Gentleman. I said that we would have to get rid of some of the cold war mindset. It would be very nice if nuclear weapons had disappeared with the cold war, but when I look at what is happening in North Korea and Iran, I see that we will face the threat of nuclear proliferation in the future. Nuclear weapons are not simply a by-product of the cold war.

Several hon. Members *rose—*

Dr Fox: I have given way a number of times and I shall give way again later.

I believe that at the beginning of this debate it is vital and useful to go back to first principles and remind ourselves about the purpose of defence. It bears repeating that the first duty of a Government is to provide security for our citizens. Although many arms of government are directed towards or contribute to that aim, the

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armed forces are central to the effort. Of course, our armed forces can do many things for the promotion of our national interest and to support Government policy more widely. But we must not lose sight of their primary mission—to maintain the capability to apply military force, when needed, so that political decision makers have the widest possible range of choices when making strategic decisions.

That has two aspects. First, our armed forces protect our citizens and territory by deterring and containing threats, preventing possibilities from becoming actualities. The nuclear deterrent is, of course, fundamental to our ability to deter the most extreme threats to the United Kingdom. As I just said in response to the hon. Member for Islington North (Jeremy Corbyn), in 2007 the Conservative party in opposition supported the decision to renew the Trident system based on the analysis set out in the 2006 White Paper, and we remain committed to continuous at-sea deterrence.

As the coalition agreement has made clear, we are scrutinising the Trident renewal programme to ensure that we get value for money, and my Liberal Democrat colleagues will continue to make the case for alternatives. However, we underestimate the value of deterrence at our peril and we do ourselves a disservice if we merely confine the concept to nuclear weapons. We know from historical experience that a declaration of peaceful intent is not sufficient to dissuade aggressors and that a weakening of national defences can encourage them. All our forces, including conventional forces, have a powerful deterrent effect, which we should seek to maximise. Recently, we have not recognised that as much as we should have. I want the SDSR to change that—to take a fresh look at what we are doing to dissuade aggression and at how we might do it better.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I happen to agree with the Secretary of State's stance on nuclear weapons and Trident. Will he say a little more about the extent to which he regards Trident to be, as well as a deterrent, part of our obligations as a permanent member of the Security Council—as one of the P5, at the top table?

Dr Fox: It is not an obligation, but I certainly think that it adds credibility to our position as a member of P5. As I have said, our position on nuclear weapons is that in a dangerous world, when we are looking to 2050 or beyond, we cannot play fast and loose with Britain's defences. We do not know what threats will emerge or what will happen in terms of future proliferation, and we are simply not willing to take a gamble.

Sir Menzies Campbell (North East Fife) (LD): The Secretary of State began this passage of his speech by talking about returning to first principles. That allows me to take up an issue that he dealt with a moment or two ago, which is this: in determining the structure of our armed forces, in determining the location of bases, and in determining procurement decisions, must we not accept that the motivation has to be what is in the best interests of defence? If I may be excused for putting the matter pejoratively, we should not be using defence as some kind of job creation scheme.

Dr Fox: I have a degree of sympathy with what the right hon. and learned Gentleman says, but it is worth pointing out, at a time when the economy is going through a great deal of trouble, that the defence industry provides 300,000 manufacturing jobs—jobs that actually make and sell things to the benefit of this country's balance of payments. The defence industry contributes a very high value to Britain's exports, and it punches above its weight. It will be the aim of the Government to increase Britain's defence exports, partly as a way of securing British defence jobs in the longer term, because the more markets we have, the less the British defence industry is dependent on the British domestic economic cycle.

John Woodcock (Barrow and Furness) (Lab/Co-op): I agree with the Secretary of State about industrial capacity. Before he moves on from the deterrent, will he clarify whether the value-for-money Trident review is solely considering the ballistic missile submarine system, or are alternative systems being considered?

Dr Fox: There are a number of elements in the Trident renewal programme, and we are looking for value for money in each of them, and trying to see where we can, if possible, get that capability for lesser cost. However, there is no question but that we will move ahead with a continuous, minimum, credible at-sea nuclear deterrent for the United Kingdom.

Dr Julian Lewis (New Forest East) (Con): Will my right hon. Friend give way?

Dr Fox: I will in a moment.

This brings me to the second aspect of the armed forces' primary mission. Defence is also there for when everything goes wrong—when despite our best efforts, deterrence and containment have failed, diplomacy is exhausted, and, as a last resort, the use of lethal force is required. No other arm of government can deliver this or is designed for this purpose. So our armed forces must be structured, first, to deter; and secondly, to deliver the use of force in support of our national interest and to protect national security. We undertake this strategic defence and security review at a time when our armed forces are delivering on that primary mission in Afghanistan. We must have strategic patience and resource that mission fully, but it would be a mistake to base our future security on the assumption that future wars will be like the current ones. That is why we must maintain generic capability able to adapt to changing threats.

I now give way to my hon. Friend the Member for New Forest East (Dr Lewis).

Dr Lewis: My right hon. Friend must have read my mind; perhaps that is not difficult to do. I congratulate him on taking up his post; it is a pleasure to see him there.

My right hon. Friend says that we cannot assume that future wars will be like current counter-insurgency campaigns, yet some very senior figures in the Army are asking us to make that very assumption. It cannot be safe for this country to plan on the basis that just because we are engaged in irregular warfare now, we do not have to worry about state-against-state conflict in

future. Will he say, once and for all, that there is a danger that we could one day find ourselves opposed by a modern, well-armed, industrialised state, and that we have to be prepared for that terrible eventuality?

Dr Fox: I would never be so presumptuous as to believe that I could read the complexities and high intellectual level of my hon. Friend's mind, but let us just say that having spent four years in opposition together, I have a fair idea of what he is likely to raise and when. He is absolutely correct, and I reiterate that it would be wrong, and fly in the face of everything that we have learned from history, to believe that future wars will be predictable or like the ones in which we are currently engaged. We must maintain generic capability that is flexible, adaptable and able to deal with changing future threats of a sort that we cannot possibly predict with any certainty.

Mr Bob Ainsworth (Coventry North East) (Lab): I am struggling to understand at the moment how the Secretary of State plans to deal with the issue of the deterrent. I know what the coalition agreement said and what the Liberal Democrats' position is, and I have heard him say various things, but will the value-for-money study be part of the strategic defence review, has it started, and how and in what forum will his coalition partners be able to pursue their separate views on the shape of the deterrent?

Dr Fox: The value-for-money study on Trident has begun, as has the SDSR, and it will be concluded long before the SDSR. I hope that it will be concluded before the summer recess.

I want to be as open as I can about the backdrop to the SDSR. To take one aspect, the defence budget itself, the future programme is entirely unaffordable, especially if we try to do what we will need to do in future while simultaneously doing everything in the way that we do it today. The legacy that the new Government have inherited means that even if defence spending kept pace with inflation, we would face a deficit of many billions of pounds over the life of this Parliament and more over the next decade. To make things worse, there are additional systemic pressures on the defence budget that exacerbate the situation, including the trend of pay increases above inflation. The previous Government's approach was too often characterised by delay-to-spend rather than invest-to-save. The decision to slow the rate of the Queen Elizabeth class carriers in 2009, for example, increased the overall costs by more than £600 million at a stroke.

The bottom line is this: no matter how hard we bear down on the costs of administration and drive up efficiency, we cannot expect to bridge the gap by those means alone. The problem is structural, so the response must be structural to put defence on a stable footing. The Ministry of Defence, as a Department of State, must itself face wide-ranging reform. We intend to reorganise the whole organisation into three pillars: first, strategy and policy; secondly, the armed forces; and thirdly, procurement and estates. We intend to create a more efficient and leaner centre, in which everyone knows what they are responsible for and to whom they are accountable, with clear deadlines and budgetary discipline. Major reform of our procurement practices will be accompanied by a number of industrial consultations that I will shortly outline to Parliament.

As much as structural reform is required, however, I am equally determined that the armed forces be reconfigured to meet the needs of the evolving security environment and satisfy the expectations of this country. Although the SDSR is necessarily financially aware, it is policy-based, and I wish to set that policy out to the House.

Mr Dai Havard (Merthyr Tydfil and Rhymney) (Lab): I apologise for interrupting now, because what the Secretary of State has just said is hugely important, but may I go back to what he said about the review of the deterrent? May we be clear that the financial review of the nuclear deterrent is due to take place before the recess, that it is a one-off activity and that it will not be part of a continuing review at each of the various stages of the programme that has been outlined, including the main gate stage? Will the Secretary of State clarify that point?

Dr Fox: As part of the coalition agreement, we agreed that we would have a value-for-money study to examine the costs of the programme and see where we could achieve better value within it. That is the process that is now ongoing.

The Foreign Secretary has set out the new Government's distinctive British foreign policy, which has at its heart the pursuit and defence of UK interests and a recognition that our prosperity and security is bound up with that of others. That will require the enhancement of diplomatic relations with key partners, using Britain's unique network of friendships, bonds and alliances and working bilaterally as well as multilaterally. That does not mean that we must be able to do all things at all times. We will need to be smarter about when and how we deploy power, which tasks we can undertake in alliance with others, and what capabilities we will need as a result. That must be based on a hard-headed assessment of the current security environment and the growing threats to peace and stability.

We live in a period in which direct military threats to UK territory are low, but in which the wider risks to our interests and way of life are growing. Over the coming decades, we could face weak or failing states creating new focal points for exportable Islamist terrorism that threatens our citizens and our allies, as we have seen in Yemen and Somalia. We could also face a nuclear-capable or nuclear-armed Iran destabilising Shi'a-Sunni and Arab-Persian fault lines, as well as those with Israel and the rest of the world. That could create an uncontrollable cycle of nuclear proliferation and, at worst, the erosion of the post-Hiroshima taboo against nuclear use by both Governments and terrorists. Elsewhere, we could see the emergence of old or new regional powers and the return of state-versus-state competition and confrontation. More immediately, competition for energy and other resources, including fresh water, could take on a military nature.

It is conceivable that we will negotiate the next half century without confronting any of those risks—I certainly hope so—but it is equally possible that the UK could face security policy decisions relating to any or all such risks during the course of the next Parliament. That is the reality of the world in which we live, and we must break away from the recent habit of planning for the best-case scenario and then hoping the worst never

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happens. Unlike what happened during the cold war, we cannot be confident about how and how quickly such trends may evolve. I shall therefore conduct a thorough stocktake of our contingency plans in the months ahead.

Of course, responding to such events would not be for Britain alone. Britain's relationship with the United States will remain critical for our national security; it is the UK's most important and prized strategic relationship.

Mark Lancaster (Milton Keynes North) (Con): Given the contingencies that my right hon. Friend outlines, is it not important for us to have a strategic reserve? What lessons can be learned from last year's debacle, when the previous Government had to do a humiliating U-turn over cuts to the Territorial Army, to ensure that we do not make such mistakes again in the coming defence review?

Dr Fox: It is very clear that we require civil contingency in the UK, and as part of the wider SDSR, we are looking at the protection of the UK homeland. We cannot simply direct our armed forces at external threats while ignoring internal threats. That must be a raised priority, as it will be as part of the wider security review.

Michael Dugher (Barnsley East) (Lab): I welcome the Secretary of State and his team to their positions. When in opposition, he was always steadfast and unwavering in his calls for a larger Army. Does he share my concern and that of my constituents that the review ought not to be used as a way of delivering major cuts to Army manning levels, which would be quite unwise and, indeed, dangerous?

Dr Fox: The defence review is not about predetermining the size or shape of the armed forces. In fact, the size or shape of the armed forces will be determined by the review. I can comfort the hon. Gentleman by saying that the service chiefs will each thoroughly defend their service in the review, as one might expect. I would be surprised—Opposition Front Benchers would be even more surprised—if that were not the case.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): These are complex and difficult issues, and if they are to be approached thoroughly, they cannot be approached quickly. Does the Secretary of State intend to take any decisions that might pre-empt the results of the review? In particular, what are the implications for procurement contracts that are running? Does he intend to take any steps to halt, restrict or in any way constrain existing procurement contracts? He might be able to think of the one I have in mind.

Dr Fox: On this occasion it is rather easier to be a mind-reader. I am well aware of the project to which the hon. Gentleman is referring. We thought about making an interim statement to Parliament just before the summer recess about which programmes were likely to go ahead, but we decided that it might cause more instability than it was worth. We therefore intend to announce all the programmes that we believe give reality to the capabilities that we want when we reach the end of the review.

Having said that, let me tell the hon. Gentleman that we are acutely aware of the fact that it is unavoidable that there will be insecurity during the period of the review. He asked about the speed. The last defence review, in 1998, was an 18-month process. We have brought the process forward partly because, to be frank, most of us in the House who take an interest in such issues have a clear idea of the sort of choices that will need to be made, but also partly because we wanted to minimise that period of insecurity for the defence industry and those who work in it.

Robert Flello (Stoke-on-Trent South) (Lab) *rose—*

David Wright (Telford) (Lab) *rose—*

Mr Watson *rose—*

Dr Fox: I am going to make a little progress, as I know that a large number of Members wish to speak in this debate.

NATO will remain our first instrument of choice for responding to the collective security challenges that we face. In the past decade, NATO has moved outside its traditional geographic area, with European allies such as Germany deploying troops abroad in ways that would have been inconceivable a decade ago. Of course, NATO is not perfect, and we are keen to streamline command structures and decision-making processes. We began that process at the NATO ministerial meeting in Brussels last week, making more progress than most of us expected. However, we must use every lever at our disposal—including the Commonwealth, the UN, the EU and other regional organisations—to protect our security in an uncertain, unstable and unpredictable world.

We will look to step up cross-Government overseas engagement. Defence co-operation is an important component of that, particularly with nations who share our interests and are prepared both to pay and to fight, such as France. We intend to ensure—and consequently fund—a defence diplomacy programme in the SDSR that can make an important contribution to our global influence. Clearly we need close consultation with our allies on the SDSR. I had a good opportunity to engage in early exchanges at the recent NATO ministerial meeting, and I will follow up with detailed discussions with our closest allies. In particular, I intend to visit Washington in the near future to take forward discussions already begun there.

Nicholas Soames (Mid Sussex) (Con): I warmly welcome what the Secretary of State has said about defence diplomacy. Does he agree that, inevitably in an age of restraint, defence diplomacy is an extremely important and effective asset for this Government and something that this country has historically done well? Does he also agree that to pare back our work in defence diplomacy at this time would be to cut off our nose to spite our face?

Dr Fox: I agree 100% with my hon. Friend. Not only is defence diplomacy effective; it is cost-effective. It provides this country with great overseas influence at relatively little cost, compared with other elements of the defence budget. We are very foolish as a country if we ever ignore the fact that joint exercising, training

and defence exports can achieve a great deal for this country at a relatively low cost. In recent years there has been too much penny-pinching in certain areas, which has had a disproportionately negative effect on this country's influence, and a good deal too much short-termism, when we need to be looking at what we do well and doing it more often.

Mr Julian Brazier (Canterbury) (Con) *rose—*

Dr Fox: I give way to my hon. Friend, and I apologise for keeping him waiting.

Mr Brazier: I am most grateful to my right hon. Friend, who has been making the most robust case possible for keeping a full range of military capabilities, despite the fact that we are engaged in an important operation. With his visit to Washington coming up, does he agree that it would be truly extraordinary if we alone continued to have 85% of our defence capability in expensive regular manpower, when the mightiest and richest country on earth has almost half its total defence capability in volunteer reserves?

Dr Fox: My mind-reading abilities seem to know no bounds today—no doubt like those of my colleagues. I pay a full tribute to the reserve forces of the United Kingdom. They make a tremendous contribution to our national security. If we ever fail to value them fully, we are making a profound mistake. I know that my hon. Friend would not expect me to go further, given that the structure of our forces is an unavoidable part of the review itself. Suffice it to say, I think it is very clear just how wedded is most of this House, and not least the Conservative party, to the well-being and existence of our reserves.

Let me sum up the Ministry of Defence's approach to the strategic defence and security review. First, relevance: our posture and capabilities must be relevant to the world we now live in. This is our opportunity to dispense with much of the legacy of the cold war. Secondly, realism: resources are tight for the country as a whole, and defence is no exception. We cannot insure against every imaginable risk, so we will need to decide which risks we are willing to meet and which risks we are willing to take.

Thirdly, responsibility: as a nation, we have a duty to give the brave and capable men and women of our armed forces our full support in return for the selfless service and sacrifice they are prepared to make in our name. We must ensure that they have what they need to do what we ask of them, and that they and their families are looked after properly during and after service. There has never been a formal document setting out precisely what this means, which is why, for the first time, this Government will create a tri-service military covenant. It will be the foundation of the new Government's far-reaching strategy for, and obligations to, our servicemen and women, their families, and veterans.

The National Security Council and the SDSR will consider defence interests in the round, along with other security risks and interests, including terrorism, cyber-security and civil emergencies. I have stressed the need for the review to follow a logical sequence. We must begin with our foreign policy priorities, reflecting our interests. The establishment of the National Security Council has allowed us to have a full debate and to ensure that departmental priorities will be aligned with our conclusions. The first stage is the development of the new Government's national security strategy, which will be wide-ranging and draw on the work of all Departments concerned, including the Ministry of Defence.

We must understand the environment in which we will protect and promote those interests, in particular the threats and risks. Under the auspices of the NSC, the MOD is playing a full role in work to establish a prioritised register of those risks that will be a key element to the national security strategy. Decisions on the capabilities required will be based on this overarching strategy, but these decisions will need careful preparation.

I am determined to understand fully the operational and resource implications of the options. I have therefore directed the Department to initiate a range of detailed studies on specific capabilities and force structures. We will begin to move to conclusions as our strategic posture becomes clearer, and we can test our work against the agreed policy baseline to produce a synthesised force structure and risk assessment. I would expect to see the emerging conclusions in August, and the House will understand why I will not speculate on them today. They will then be discussed in detail by the NSC. We expect that the defence section of the SDSR will report in the autumn, which will coincide with the outcome of the comprehensive spending review.

I am also determined that we fully understand—and, where possible, mitigate—the risks we are taking and the assumptions we are making about future operations, from the partners we will work alongside to the tactics and adversaries we will confront. I have therefore directed the vice-chief of the defence staff to lead a detailed process of force testing, which will look at the effectiveness of possible future forces against a range of scenarios. I will receive updates in July and August to ensure that emerging findings can be reflected in our strategic choices; and a final report in September to ensure that I and the NSC can validate the decisions we are taking.

There will undoubtedly be difficult decisions ahead. We will have to confront some long-held assumptions. There will be competing priorities to assess, risks on which we will have to make judgments, and budgets to balance. It is inevitable that there will be the perception of winners and losers as we go through this process. I am determined, however, that defence as a whole will come out in a stronger position. The prize is a safer Britain, with secure interests and a sustainable defence programme able to address the needs of today and prepared for tomorrow. As I said earlier, providing security for our citizens is the primary and overriding duty of Government. The SDSR must become a national, not a party political, endeavour, and all in this House must have the political resilience, strength, will and resolve to see us through.

5.25 pm

Mr Bob Ainsworth (Coventry North East) (Lab): I join the Secretary of State in offering my commiserations, thoughts and sympathies on the loss of the 300th member of our armed forces in Afghanistan. We must remember that each loss, whether or not it is one of the milestones that attracts the media so much, is a tragedy for the family and friends of the individual concerned. It

[Mr Bob Ainsworth]

ought also to serve as a reminder to Members of the unique commitment made by our armed forces on our behalf.

As others will obviously and understandably do the opposite, we ought also to restate our support not only for the members of our armed forces but for the mission that they are undertaking. When we visit our armed forces in Afghanistan, they expect, require and repeatedly tell us that they want support not only for them as individuals but for the work they are doing. They believe in the mission in Afghanistan and that it is achievable, and they expect support, from both sides of the House, while they are in theatre carrying out such dangerous work. I hope they will continue to receive such support.

Dr Andrew Murrison (South West Wiltshire) (Con): Now that the right hon. Gentleman is in opposition, does he agree, on quiet reflection, that it is a pity that at times in the past few years the previous Government were less than clear on the mission statement in Afghanistan? They allowed themselves to be diverted so that, in the minds of many, it seemed that the purpose of being in Afghanistan was international development. However, the prime mission always has been, and must be, the national interest of the United Kingdom.

Mr Ainsworth: I am glad the hon. Gentleman has said that, as it gives me an opportunity to say that I do not agree. However, there were times when members of the media, as well as some Members on his side of the House, made it difficult for us to get our message across. The current Government will find that we as the Opposition will genuinely support the mission in Afghanistan, and will not play fast and loose with that support. We will not state in the House that we support it wholeheartedly, and then say things, without first checking them properly, that effectively undermine the confidence of the British public in the British Government's ability to support their troops. If there have been mixed messages about Afghanistan, they have the potential to continue, and we ought to join together to ensure that they are not effective.

I say to the Secretary of State for Defence that his Government need to make sure that the messaging is correct. We do not need the Secretary of State for International Development saying that development opportunities are central to our ability to succeed in Afghanistan, while the Secretary of State for Defence appears to say something different. It is important that we all say clearly what we are trying to achieve and how we are trying to achieve it. The mission in Afghanistan and, overwhelmingly, the way in which we have joined up the mission in Helmand province, is the envy of many nations operating in that theatre, and that ought to be recognised.

I can understand the temptation for a new Government, but they should not try to suggest that a new strategy is being pursued in Afghanistan. What our troops expect—and what I believe is the fact—is continuity between what the new Government are doing and what the Labour Government were doing a month or so ago. We were pursuing a coalition strategy laid out by General McChrystal last year, and the new Government are doing that. There is no year zero; there is continuity in what we are trying to do, and in the methods we are using in order do it.

Eric Joyce (Falkirk) (Lab): I find it slightly puzzling to hear my right hon. Friend tell the Secretary of State for Defence to stay on message. Does he not think that what is going on is in fact more interesting than he suggests? There seems to be some ambivalence on the Conservative side about what we are doing in Afghanistan. It is the Opposition, from my perspective at least, who seem to be more determined to pursue the strategy we had before, and that might mean we are more closed-minded than they are.

Mr Ainsworth: I am not certain of that. I would not go as far as my hon. Friend. I have, however, seen unfortunate headlines when, as a result of things that were being said, the press were able to suggest that the Government were propagating some kind of exit strategy. I do not believe that that is so. I believe that the Government are pursuing the same strategy that we pursued. I believe that they accept that we must stay in Afghanistan until such time as the Afghan forces themselves are able to defend their own country, and that they will not take any precipitate decision to reduce our force levels in that country before that happens. I certainly hope that that is the case.

Dr Julian Lewis: I thank the shadow Secretary of State for being so generous in giving way, but he must accept that it is not just a question of mixed messages in one part of the alliance, given that President Obama himself has suggested the possibility of a run-down of troops in Afghanistan as early as 18 months from now. If we are to come out with our strategic interests intact, we must have new thinking about how best to protect them, and sending people out on uniformed patrols day after day to be shot at and blown up may not be the most intelligent way of doing that.

Mr Ainsworth: I know the hon. Gentleman's views. I have heard him describe, both privately and publicly, his position on Afghanistan and how we can pursue it. I have to tell him, however, that we are pursuing a counter-insurgency strategy in Afghanistan—that is agreed across the coalition—and while that is so, while there are people in theatre and while they are doing the very difficult work that we have asked them to do, we must give them support.

During Labour's years, big changes were made to the structure of our armed forces' capability. A great deal of modernisation took place. There were big moves away from cold war capability towards the modernised expeditionary capability that our armed forces have shown in recent years. I accept what the Secretary of State has said—that he wants to continue that move—and I also accept that the threats have changed. We need to examine the emerging threats, and consider what role we need to play in the world. I hope and believe that I made a start on that during the Green Paper process, about which the Secretary of State has used very kind words. I hope he will be as open and engaging in the methods he will use in relation to the strategic defence review as I tried to be with the Green Paper.

What the Secretary of State has effectively said to us, it seems, is that a process is under way and that he will invite everyone to participate, but the way in which we will participate is by having an opportunity to make submissions to him. I suggest to him that anyone and

everyone has always had that ability. If this means we cannot continue to write to him expressing our views, I think he will miss a real opportunity. He knows that there are considerable financial pressures on both the MOD budget and the public finances overall. I do not believe that, when he is faced with all those difficulties, it is in his interests or those of a proper debate to do anything other than continue to be open and give people an opportunity to share—*[Interruption.]* Well, if the Secretary of State did say that, I am wasting my breath, but I am worried that what he said was, "We have a decision-making process, and if you want to make a submission, you are free to do so."

I would have thought that it was in the Secretary of State's interests, and those of the Government and the nation, that he share his emerging thinking with us. It seems that he has even cancelled the interim assessment or interim announcements that he was going to give. When are we going to hear what his emerging thinking is, because he has said very little about that today? We are only six weeks away from the recess and the Government have set themselves a very tight time scale. Do they genuinely want to engage the nation, the Opposition, academia, industry and everyone else who needs to be involved; or are they simply going to invite us to make written submissions?

Mark Lancaster: Last year when the right hon. Gentleman was Secretary of State for Defence, he effectively made policy on the hoof by announcing he was going to scrap the Territorial Army budget and thereby stop people like me training for six months. Given the mistakes he made last year and the appalling way he carried out that review, does he not think this current process is much better?

Mr Ainsworth: With the greatest of respect to the hon. Gentleman, let me point out that we were dealing with in-year budgetary measures—yes, they proved very controversial, and significant changes were made that people subsequently came to welcome, even if they could not find the ability to do so on the day—but that is very different from dealing with a strategic defence review, which is about the shape and framework of our armed forces for the years to come. I suggest to the hon. Gentleman that it therefore ought to be tackled in a different, more open way. There is lots of expertise and interest on both sides of the House and outside this place. The people who possess it want genuinely to engage with this process, and I would have thought that, if the Secretary of State wants to fend off the purely financial pressures, it would be in his own interests to welcome that.

Mr Watson: I feel the empathy between the two Front Benches on the financial pressures at the MOD, and I, too, am familiar with that. Does my right hon. Friend agree that emerging thinking should come early, at least in respect of the military covenant issues? I am thinking in particular of the announced review of armed forces pensions. Can we have a reassurance that existing members of the scheme will not be affected? Does my right hon. Friend think the Government Front-Bench team should reassure us of that, at least, today?

On a slightly more controversial note, does my right hon. Friend think we should hear from the Under-Secretary of State for Defence, the hon. Member for South Leicestershire (Mr Robathan), about the mental health of serving personnel? He was completely hopeless on "File on 4" yesterday, and seemed to contradict himself three times on whether we would have screening of military personnel. He eventually had to endure the humiliation of being interrupted by the MOD chief press officer because he was going off-script.

Mr Ainsworth: I missed that programme—sadly, by the sound of it. My hon. Friend raises an important point when he says a review of armed forces pensions has been announced. As I was in the Chamber at the time, I know that he tried to get an answer on that from the Prime Minister earlier today, and answer came there none. These are very important issues. Is the armed forces pension scheme part of the general review? Are we going to have any wider discussion of welfare issues?

Mental health is a very important issue, but it seems that Government Front Benchers have views that contradict each other greatly. Some of them say we need to do much more than the last Government did, and to introduce general screening for mental health; yet the Minister with responsibility for veterans, the hon. Member for South Leicestershire, appears to be totally and utterly opposed to screening for mental health—or did appear to be, unless he said something else in the programme to which my hon. Friend the Member for West Bromwich East (Mr Watson) referred.

Mr Brazier: Will the right hon. Gentleman concede that before he arrived at the MOD, Labour carried out a substantial review of armed forces pensions that did not affect any of the civilian part of the public sector, but as a result of which people in the scheme for subsequent years lost very significant sums in potential pension rights?

Mr Ainsworth: I know the hon. Gentleman is very interested in the welfare of the armed forces. All we are trying to do is solicit an answer. Everyone needs to know whether the armed forces pension scheme is part of the review or not, but we cannot get an answer. We need an answer and we certainly cannot wait until the summer recess for one.

While I am talking about welfare issues, let me address what the Secretary of State said about the non-existence of a tri-service Government document. May I recommend to him the preamble in the Command Paper and suggest that he should consider seriously whether he can improve on it? Will he continue with the commitments in that paper and will he, as part of the strategic defence review, look seriously at something that was in the Labour party manifesto—the introduction of a service charter? Many members of our armed forces whom I have met—I am sure that he will have had the same—recognise some of the improvements that have been made to many aspects of their service and support in the past few years, but want them to be entrenched in law. Is he prepared to make such a commitment?

The Secretary of State seems to have said that a process to examine the value for money of alternatives to Trident has already started and will be all over before the summer. We are only five weeks away from that and from the future successor, but we have heard nothing about it from him or his coalition partners. If we hear nothing at all on this before a final decision is taken, it

[Mr Ainsworth]

will only increase the cynicism that many of us had about the Liberal Democrats' position in the first place—that it was about them trailing their coats in the direction of unilateralism without actually going there. They never had, as I think the right hon. and learned Member for North East Fife (Sir Menzies Campbell) effectively exposed in his paper, a sensible alternative to Trident. Is there going to be a process and will we be told anything about it, or is this just a way of getting a rather embarrassing chapter in the coalition's creation off the agenda as quickly as possible?

I understand as well as anyone the very difficult decisions with which the Secretary of State is confronted. I appreciate and totally agree that salami-slicing is not the way to go. I agree that a step change is probably needed and that some difficult decisions will therefore need to be taken. I am sure he regrets some of the rhetoric that he used in opposition and some of the promises he made, such as those about a bigger Army and a bigger fleet. Now he is in government, he will need not just to say those things but to deliver them. I hope he will do that in an open manner in which we can all engage, and I think it would be in his interests to do so.

Bob Stewart (Beckenham) (Con): Did the shadow Secretary of State ever consider whether the strategic defence review might have taken place a few years ago? It seems to have taken a very long time to get to, and it might have been quite useful to have had it in 2004. Both parties have said that they would go ahead with it, but did he consider doing so much earlier?

Mr Ainsworth: We carried out a strategic defence review in 1998; we updated it through the new chapter and the White Paper. I became Secretary of State in the late summer of 2009. We committed ourselves to a strategic defence review in exactly the same way as the Conservative party did. We would have been carrying out a strategic defence review in exactly the same way as the Government are. We would be confronting the same difficulties. We would try to be as open and inclusive as we possibly could. I genuinely believe that defence is more than a simple party interest and that it ought to expand beyond that.

Mr Davidson: Surely, the Opposition spokesman would agree that we would not have carried out the defence review in exactly the same way, since he and his colleagues were much more supportive of the aircraft carrier contract than some in the Government are.

Mr Ainsworth: I do not think we will get an answer on specific capabilities from the Defence Secretary—we have not got many answers from him at this stage—and I suppose that that is understandable. I did not expect him to come to the House and be able to tell us today what his conclusions will be. I am asking him—I think this is perfectly reasonable—to share his emerging thinking with the House and not to think that he can present a fait accompli at the end of the day, because that would make things a lot worse.

I want to raise two points of contention. First, the Government announced, and the Prime Minister repeated this in *The Sunday Telegraph* yesterday, that £67 million has been applied to doubling the number of improvised explosive device teams. As we applied £150 million to the IED capability in Afghanistan a few months ago and that doubled the IED teams, I wonder how the new Government have managed to double them yet again with only £67 million. We should not be spinning about that; we ought to be clear. I hope we will hear some explanation when the Minister winds up about exactly what that £67 million has bought. Are they re-announcing the doubling that took place under the previous Government, or have they managed by some means or another to redouble an already doubled capability for about half the cost? That really would be magic money indeed.

Secondly, I do not believe that the manner in which the impending resignation of the Chief of the Defence Staff was dealt with was in any way appropriate. To suggest that he is in some way responsible, as it was put, for past failures in Afghanistan or was too close to Labour is quite a sad thing for anyone to have suggested. The existing Chief of the Defence Staff is a man who, as far as I am aware, believes in democratic control. He therefore believes that Ministers ought to take decisions and that commanders ought to give advice. If people detract from that, they do themselves no favours whatsoever.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Before we continue, may I tell hon. Members that Mr Speaker has imposed an eight-minute limit on all Back-Bench speeches?

5.48 pm

Sir Menzies Campbell (North East Fife) (LD): The defence review inevitably involves, as we have heard this afternoon, the consideration of abstracts and concepts, but the 300th death in Afghanistan is eloquent reality. As the shadow Defence Secretary indicated a moment ago, for every one of those people, 300 families are in mourning. We have a brief acknowledgement of the sacrifice, but for those families, the sacrifice goes on for as long as they live. Particularly when we see the montages of the 300 people who have lost their lives, we must think about the promise, discipline and service that have been cut down by the fact of their deaths. That is why on these occasions we should think more than in a perfunctory way about what it costs to defend our country and the sacrifice that, sometimes painfully, must be made.

Iraq and Afghanistan have skewed our priorities, but more than anything else, they have breached the assumptions of the 1998 defence review. They have put an intolerable financial burden on the Ministry of Defence, and indeed on the Government's Contingencies Fund. I spend a little time referring to Iraq and Afghanistan because neither the duration nor the intensity of either was anticipated by the 1998 defence review, which was none the less regarded as a successful operation. Indeed, if I may pick up a point that the shadow Defence Secretary made, part of that success was due to the degree to which there was consultation, and the degree to which people were invited in—not asked to make written submissions, but actually allowed to sit face to face with John Reid and George Robertson, and to argue the case with them. If that is not to be possible on this occasion, the Government will, in a sense, be restricting

themselves, and perhaps shutting off a degree of help, assistance and contribution that would enable the conclusions of the defence review to be well founded.

The principles of a defence review are easy to articulate. One must establish the foreign policy objectives or baseline; assess what military capability is necessary to enable one to achieve those objectives; and finally allocate the resources. In 1998, the Government never published their foreign policy baseline, but if they had, it would not have included the doctrine of humanitarian intervention, because that came after 1998, in a speech made by Prime Minister Blair in Chicago. However well founded and well regarded it is, it is an element of British policy, with military consequences, that was not embraced by the 1998 review.

The review envisaged one short-term, high-intensity conflict going on at the same time as a medium-term operation such as peacekeeping, but in fact we had two hot wars being fought simultaneously, plus Sierra Leone—a notable success of Prime Minister Blair's, in my view, and, of course, there was Kosovo, where, it has to be acknowledged, he was responsible for holding the feet of the rather reluctant American President to the fire, thereby producing an outcome that all of us regarded as the best possible.

In spite of the success attributed to the 1998 review, there was a continuing argument about resources and, in particular, helicopters. The reason that I point to that is that we imagine that there is some kind of immaculate conception of a defence review, but the truth is that it is based on assumptions and judgments, and the unexpected will almost certainly be part of the terrain that defence has to cover in the next 20 or 25 years.

There is an element of rush about the review. When one considers the complexity of the issues at stake, setting a time limit of a few months is unwise. I would like the foreign policy baseline to be not only published, but the subject of debate in this House, because it is on that baseline that subsequent decisions will rest. If there is not unanimity, or at least general consensus, on the foreign policy baseline, what comes thereafter will undoubtedly be regarded by some as flawed.

Angus Robertson: The right hon. and learned Gentleman is generous to give way. Does he appreciate that it is not simply carrying out the strategic defence review within the time scale that is problematic, but the fact that the comprehensive spending review and the Ministry of Defence's planning round 11—PR11—are all happening at exactly the same time?

Sir Menzies Campbell: Indeed. During earlier exchanges, the thought occurred to me that, if there were any Treasury Ministers looking in on the debate, they certainly were not getting any encouragement about a willingness on the part of anyone in any part of the House to give up any capability or programme, or any installation or base that happened to be in their constituency.

Mr Davidson: Will the right hon. and learned Gentleman give way?

Sir Menzies Campbell: No, I will not, because I will deal with the hon. Gentleman in a moment. The central question is: what role do we want Britain to play, and how much, as a nation, are we prepared to pay for that? On this occasion, the question is: how much can the nation afford to pay? The blunt truth is that a large part of the review will be an expenditure review, and not necessarily a defence review.

I have some sympathy for the hon. Gentleman in his argument about the carriers. The carriers are the answer to this question: should Britain have a global role? However, can Britain afford a global role? If I might offer him a moment or two of advice, perhaps he will find that line of argument a little more compelling than his understandable determination to maintain jobs in his constituency.

Mrs Madeleine Moon (Bridgend) (Lab): Would the right hon. and learned Gentleman not agree, though, that we also have international responsibilities that must be met, including towards Britain's overseas territories? With regard to the carriers, one overseas territory for which we still have a huge responsibility is the Falkland Islands. Given those far-flung territories, we must have the defence capability to meet those responsibilities.

Sir Menzies Campbell: It is all a question of flexibility and adaptability; the hon. Lady will find that in the Green Paper. Take, for example, Afghanistan. We enjoy aerial supremacy there. There is no challenge in the air. That has been enormously important in the provision of close air support or interdiction, in the protection of our forces, and, indeed, in allowing them to take part in the kind of operations in which they are now engaged, but just imagine if there were not host nation support—if we did not have available airfields. The obvious platform from which to provide close air support and interdiction would, in that case, be a carrier, so carriers have enormous utility in a variety of circumstances. That is one of the reasons that I think that we should build the carriers; they provide the sort of flexibility and adaptability that lie at the very heart of the Green Paper. In that sense, the hon. Member for Glasgow South West (Mr Davidson) may find, much to his surprise, that I am rather more sympathetic to him than he anticipated.

In the days of the cold war, we had the four-minute warning. Now we have an eight-minute warning, perhaps almost to the same effect. The reason that I have such enthusiasm for the Green Paper is that the shadow Defence Secretary, then Secretary of State, invited the hon. Member for Mid Sussex (Nicholas Soames) and me to be part of the group of people who considered its terms. We are not responsible for everything in it, but I hope that we made a valuable, or at least valid, contribution to it. Page 32 talks about partnership, and asks

"how we can strengthen European nations' contribution to global security, including through more effectively aligning resources and priorities; how we can further improve cooperation between NATO and the EU"

and

"whether there is scope for increased role specialisation or capability-pooling within NATO and the EU in order to create a more coherent and capable output".

It is partnerships of that nature that will enable us to provide the all-round spectrum. No one here who I have heard so far has sought to argue that we should finish with one particular capability. There is a determination to maintain an all-round spectrum, but we cannot afford that. The only way in which that will be done is with our neighbours, and as part of a partnership.

[Sir Menzies Campbell]

On Trident, let me say briefly that my views are well known. I do not see how one can have a value-for-money assessment unless one considers what alternatives are available. In that sense, the review, which the coalition document embraces and endorses, will be much wider than many people think.

5.59 pm

Mr David Crausby (Bolton North East) (Lab): I am grateful, Mr Deputy Speaker, for the opportunity to speak in this important debate.

These are difficult economic times, with more problems to come, no doubt. The temptation to cut the defence budget is inevitably high. If there are efficiency savings to be made, we should make them, but they must be made in the back office, and not, in these circumstances, in any way that affects the front line.

Robert Flello: Does my hon. Friend agree that something that we should look at very carefully is the number of top brass? Indeed, the suggestion has been made that there are more admirals than there are vessels in the surface fleet.

Mr Crausby: It is important that we use our helicopters for what we need to use them, and not use them to ferry our top brass to other functions.

If we can make efficiency savings in the back office, I am in favour of doing so, but may I take the opportunity to emphasise the fact that there is nothing more important than the defence of our people and the land in which we live? To cut any further our already stretched resources will put our security and service personnel at even more risk. I do not accept that our forces are overstretched, but only because they demonstrate the absolute reverse through their ability to cope. However, they have certainly been under immense pressure for too long, and that simply must not continue.

I have consistently held the view that the defence budget is too small. To cut it now would be unthinkable. Education and health are vital, and it is right that they should be ring-fenced, but their importance will pale into insignificance if our way of life is threatened by terror or, even worse, if we find ourselves under the heel of a foreign power. The difficult question is, as always, estimating the level of the threat that we face, but we must always err on the side of caution and fear the worst. The justification for defence expenditure should be based primarily on necessity, rather than affordability. In conjunction with the strategic defence review, we must look at our foreign policy commitments, because we must decide what sort of country we want to be before we make up our mind on our strategic defence position. We could, for example, model ourselves on Belgium, Switzerland or Scandinavia, and send the message to the world that we do not intend to do anyone any harm, in the vain hope that they will not do us any.

Alternatively, we could growl fiercely at our would-be aggressors, declaring that if they give us a problem, we will sink our sharp teeth into them. One thing is clear: we would be unwise to flip between the two models. It is sensible not to be too aggressive, but Britain's history, its place in the world, and our culture define us as a nation. For my part, I confess to feeling much more comfortable with an ability to bite potential invaders, as opposed to begging for forgiveness and pleading for mercy.

George Robertson, in the last defence review in 1998, said that the cold war had been

"replaced by a complex mixture of uncertainty and instability."

That certainly has not changed. The 1998 review was radical, and it reflected a changing world. The reality is that the Ministry of Defence has reformed, and made considerable progress since 1998. Our forces are much better configured to meet the challenges of the 21st century. Change was essential, and there is room for more, to enable us to meet and to defeat the new threats that we face, but such ambitions do not come cheap, and no defence review is effective if it is used simply to save money.

Government after Government have failed to provide the financial resources needed, which is simply unfair on our Army, our Navy and our Air Force, and it just cannot go on. We are extremely fortunate that Britain's armed services have dealt with a lack of resources in most ingenious ways—it is what we would expect—but make do and mend cannot last, and time to train, and to recover, is absolutely vital to maintaining the world-class standards of our forces. I therefore urge the Conservative-Liberal coalition not to make the same mistakes as previous Governments by under-resourcing and over-expecting. If we are not prepared to lay out the resources that will increase our forces' size and complexity, we have a responsibility to downgrade our global role.

I do not think that we should do so, but we cannot have it both ways. As the 1998 review explained, we can decide not to have a significant military capability. What was true in 1998 is even more true today, and we must now add Iraq and Afghanistan to our commitments. We must always be prepared to be able to defend ourselves against threats that we do not expect. For example, the discovery of oil around the Falkland Islands means that we must be ready to defend ourselves against increasing tensions in the south Atlantic. My genuine fear is that coalition government is not exactly the ideal vehicle for the task in hand, especially a coalition as diverse as one including Conservatives and Liberals. I really hope that I am wrong.

An important question is the future of tranche 3 of Eurofighter Typhoon. In the general election campaign, the Liberals said that they would cancel tranche 3, and the Conservatives said that they would retain it—I agree with the Conservatives. It would be interesting to know what the coalition intends to do with Typhoon—and the industry is entitled to know sooner rather than later. The prospects for our new aircraft carriers are another worry, and their acquisition is in the interest of those who will gain useful employment from their construction. Much more importantly, they are vital to Britain's independent defence capability.

We need two aircraft carriers, and we must have joint strike fighters to fly from them, and indeed the support ships to defend them. The Treasury must be quaking in its boots, because all of that will be expensive, but I return to my earlier point: our defence capability must match our foreign policy expectations. If we are not willing to keep our forces up to speed, we should not

expect them continually to perform miracles without resources. In conclusion, the most important job for the coalition is not just delivering an effective strategic defence review, but paying for it.

6.8 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): It is a pleasure to follow the hon. Member for Bolton North East (Mr Crausby), with whom I served on the Select Committee on Defence in the last Parliament. I always knew that he had a great speech in him that would defend the strains in the Ministry of Defence. We certainly heard it today, and I congratulate him on it.

We all accept that in this Parliament debt reduction must be the coalition's main effort, but in this dangerous world, the UK needs to be able to protect itself from the threats it may face, now and into the future. The possession of a flexible, deployable military capability remains an indispensible component of any cost-effective defence and security strategy. As the Secretary of State told the Royal United Services Institute last week, defence is as much about deterrence as the actual use of force—and we heard that again today. The strategic defence and security review must be preoccupied not just with the capabilities we deploy during this period of "hot peace", as opposed to cold war, but with maintaining those capabilities that we hope never to use in anger.

I have no fear of further scrutiny of the Trident deterrent programme, first because Trident is the cheapest option available. Its costs are vastly overstated by its opponents, amounting only to 0.5% of the defence budget over its lifetime. No one knows how expensive the alternatives would be, but they would demand the creation of a whole new weapons systems without the input of allies. Does anyone expect this to be a cheaper option than piggybacking on American technology?

Secondly, the development of an alternative weapons system would also put us in breach of the non-proliferation treaty. What would the international community say about that? Thirdly, Trident is the most effective system. It is safe from first strike, unlike land-based missiles. It is supersonic, unlike cruise missiles, which would be vulnerable to interception, and crucially, it is the least detectable.

I draw the attention of the House to something that Baroness Williams wrote in *The Guardian* this morning, which she clearly fails to understand. She argues that by having three Trident submarines instead of four, we would not only save, as she terms it,

"several billion pounds a year",

which is questionable, but could maintain a

"smaller but still effective deterrent"

if we

"keep Trident submarines in port, with at least one on alert status able to sail in a developing crisis situation."

The suggestion is that the UK should be forced to deploy our nuclear deterrent in the face of the world's media in the midst of a full-blown international crisis. To plan for such a public escalation is strategically illiterate.

But Trident is simply one part of our deterrence. We need the new smaller surface warships to deter drug smuggling and piracy. We need more drones to protect ground forces on operations. Strike aircraft and cruise missiles help deter aggression by rogue states that threaten to destabilise their regions. How else would we defend the Falkland Islands today? The ability to deploy ground troops at a distance acts as a deterrence and also hugely increases our influence with our key allies, especially the United States.

Astute submarines can deter almost any other navy from putting to sea against us. Flexible, deployable capability gives us broader deterrence effect, and that indefinable and indispensable quality, influence. Such capabilities take decades to create and will take decades to re-create if we give them up now in the face of a one-off fiscal crisis.

But what can we afford? Even if spending is maintained, there will have to be substantial cuts in personnel and equipment. Bernard Gray, the author of the excellent MOD report on procurement last year, said that, if the MOD budget is frozen, the Department will be unable to order any new equipment for the next 10 years. If defence is to come out stronger, as the Secretary of State said it must, following the review, it is very difficult to see how spending can be cut—a point implicitly accepted by the protection of defence spending in the current year.

The Prime Minister and the Foreign Secretary have both stated that they have no wish to oversee the decline of the UK as a world power. The task facing the Secretary of State is to ensure that his "policy-led, resource-informed" cross-Government review does not lead to the UK stumbling toward decline as a result. I have set out my own basis for the review in the form of a memorandum which the Prime Minister might well have sent to the Cabinet Secretary in his first week of office—a memorandum which the Royal United Services Institute very kindly published on its website today.

The defence review is about what sort of nation we wish to be in, say, 2020, and it must also explain how we get there. Are we to become just another medium-sized European country, like Spain or Italy, or must we recognise that our historical and geographic inheritance has presented us with a unique global role that we should be prepared to shoulder?

Robert Flello: I am thoroughly enjoying listening to the hon. Gentleman's speech, which is well reasoned and considered. Has he considered—perhaps in his paper, which I have not had an opportunity to read yet—the position of our forces abroad, for example in Germany? He may come to that in his speech.

Mr Jenkin: Those forces should certainly be part of the review. It is difficult to imagine how we can hang on to a heavily armoured capability, give up those bases and provide for the expense of bases elsewhere. It is an open question. I do not present solutions or capabilities in the paper; I set out parameters for the discussion.

As I have said in the House before, for British prosperity and security, the UK's global role is not a lifestyle choice; it is an imperative. It is not merely an expression of our aspirations. It defines who we are as a nation. We have unique capabilities and advantages that other nations do not possess, and it is in the interests of all free nations, and it is our national responsibility, that we use them for our mutual benefit.

[Mr Jenkin]

In the past, there was nothing inevitable about the abolition of slavery, the defeat of fascism, or the facing down of communism, and in the future there is nothing inevitable about the continued spread of democracy and free trade, yet we depend upon democracy, free trade and the international rule of law utterly for our own prosperity and security. We must play our role in the world, simply because we can. That role reflects and reinforces our values and interests.

If we wish to step back from our global role, we must be frank about the likely consequences of such a move. We must ask which nation will take our role as America's most influential and enduring ally. Are we to encourage the US to become unilateralist by disengagement? Who would protect our shipping from Somalian pirates? Who will invest in NATO if we choose to disinvest? Which other nation or nations would gain from our retreat? Would they promote freedom and democracy, or their own agenda, not ours?

The world is getting more dangerous and more fluid. We are in an age much more akin to the 19th century than the relative stability of the cold war stand-off. In today's world overpopulation, competition for food and resources, the risk of environmental catastrophe, mass migration, accelerating technological change, nuclear proliferation, nationalism and extremism are all on the rise, and that is quite a list, aggravated further by the global recession. Is this the moment for us to substitute soft power for hard power? Too often, advocates of soft power are those who have decided that they can take a free ride on the hard power of others.

The Conservatives in 1979 inherited an economic and fiscal mess almost as bad as the one that we now face, yet between 1979 and 1985 defence spending increased by 30% in real terms or by almost 0.9% of GDP. The national interest was put first, and it should be put first now. Defence spending in 2009-10 was £35.3 billion, historically very low as a percentage of GDP. Other programmes, such as social security, are several times larger. While spending will have to be restrained in the long term, with a modest phased spending increase, savings of perhaps £3 billion in procurement and overheads, and a moratorium on discretionary operations, we could maintain a broad spectrum of capabilities and retain the UK's global role. That would be outstanding value for money for this country and for the world, and would help to create a safer, more secure, and therefore more prosperous world for the next generation.

6.18 pm

Alison Seabeck (Plymouth, Moor View) (Lab): It is a pleasure to follow the hon. Member for Harwich and North Essex (Mr Jenkin) who, as ever, was thoughtful and knowledgeable.

I welcome the decision by the current Government to follow through, as recommended in the Gray report, on the Labour Government's proposed strategic defence review, now the strategic defence and security review. We have heard from right hon. and hon. Members across the House of the importance of assessing our forward requirements and cutting our cloth to ensure that we do not leave our country, our armed services or our people at risk from the range of potential threats that we face. How we equip ourselves to meet those risks and the implications for the UK defence industries, for service personnel and their families and for the taxpayer are all questions which the SDSR will have to answer.

I accept that linking homeland security to the review makes sense, but this will make the process a hefty task and clearly one that should not be rushed. Does the Secretary of State have any concerns about the capacity of those undertaking the work to deliver an outcome within a realistic time scale, given the Government's intention to cut as far and as fast as possible in all Departments?

So what are the risks? Across the globe there are three main areas from which threat could develop, areas where pressures have already built, or are building, and could lead to the need for engagement—engagements in which we as a nation could, or perhaps should, become embroiled. We need a sensible assessment of the international context in which the review takes place and of the future character of emerging conflicts. Those risks involve climate change, globalisation and global inequalities, and the sense of injustice that grows from that. This SDSR will need to make an assessment of the nature of the changes that will arise from climate change. There is an increased likelihood of mass migration as a direct result of the scarcity of materials and natural resources and the loss of habitable land.

Globalisation presents different concerns, which could need a military solution. Competition for goods and markets will increase, and there is an inevitable increase in the use, internationally, of telecommunications and cyberspace, and, therefore, the vulnerability of companies and countries to cyber attacks and the threat posed by serious organised crime, occasionally masquerading behind an ideological or religious front. The continuing divide between rich and poor nations, and between the rich and poor within nations, and between different societies and groups, is also a flashpoint that might need a military response from Britain, or indeed bring terrorist or other activity to our shores.

The Development Concepts and Doctrine Centre's strategic trends programme sets out those risks in great detail, looks at the next 30 years and offers analysis on the type of future military capability that might be required. We know that our armed forces have undertaken over 100 operations since the last strategic defence review. Those varied from major conflicts in Iraq, international operations in places such as Kosovo and a counter-insurgency operation in Afghanistan, through to counter piracy work in the Indian ocean and drugs patrols in the Caribbean.

We have in the last decade moved beyond the cold war scenario and our capabilities have changed to match the new requirements. However, we have always to be mindful of the risk of a sudden change to the demands being placed on our armed forces, including a new cold war, and this SDSR has to ensure that we are equipped to meet all risks while ensuring that the UK maintains its place at the top table internationally. We do not want to be caught out, as Governments were in the past following earlier defence reviews in which swingeing cuts were the outcome, and find ourselves in a Falklands war scenario with inadequate equipment and a reduced Navy, or, as at the time of the first Iraq war, with an Army that has been cut back. Both, incidentally, followed Conservative Government strategic defence reviews.

I want an assurance that this Government will not cut for the sake of it, but that they will, as they seek to ensure that we have a flexible and affordable capability, listen very carefully to the advice being offered to them from across the services and avoid being Army-centric. Clearly, as a Plymouth MP, I would be expected to say that, but a number of the signals from Ministers, both before and since the election, have suggested an increased role for the Army. However, the other two services, especially the Navy from my constituency perspective, are vital. Perhaps the Minister could confirm whether the settled view of the Government is that the Army is too small or needs enlarging.

I would argue that there is an ongoing requirement for the capability to ensure that our merchant shipping is protected and sea lanes remain open. We could not afford to be caught out with an undersized Navy were another Falklands-type incident to arise, and we certainly need to be able to move armed forces by sea and into the littoral environment quickly and safely on vessels that can give hard support to troops on the ground.

I do believe that we have to have a nuclear submarine based deterrent, but I am unclear exactly how Trident and its platform—the successor to Vanguard—fits into this SDSR. I did ask the Secretary of State this question during our last exchange, when I gave my second maiden speech, but I did not, perhaps because the right hon. Gentleman was thrown by the response of the House to that comment when he made it, get a reply. What specifically will the remit be for this proposed value-for-money review into Trident, and how would that process be scrutinised? Given that Trident money was earmarked as Treasury spend originally, not MOD, what pressure is the Secretary of State under from his Treasury colleagues, let alone his Liberal Democrat friends, to bring Trident forward and for these costs to be cut?

The economic benefits to British industry and to its work force of maintaining this programme, and indeed the Astute programme, which is so vital to the constituents of my hon. Friend the Member for Barrow and Furness (John Woodcock), are significant. Babcock, which has its headquarters in Plymouth and which punches above its weight, as the Secretary of State mentioned earlier, is not only involved in successor submarine contracts but has a major commitment to the carriers. The first sub blocks have already made their way from Appledore to Rosyth, on time and on budget. That is very much in line with what Bernard Gray, in his report, wanted to see. My constituents are also benefiting from the work on the carriers as Babcock moves work down from Rosyth to accommodate the expansion of the carrier build. The new ships should be a vital component in the future fleet. When the Minister replies, will he explain what the options are of not proceeding with one or both of the carriers?

The future surface fleet combatant, or the new Type 26 class, was designed to replace the Type 22 and Type 23 frigates. What scope is there for BAE to bring forward initial concept designs offering the full range of options, from the gold-plated option down to the workhorse frigate? We in Plymouth believe that the workhorse frigate would give us some opportunities not only to base port, but to continue to service.

This SDSR has to balance the UK's need to preserve its position internationally with the role that our armed forces play in protecting our security at home and abroad and support our trade routes. Therefore, I would suggest closer working between Departments. But given the Treasury's strong involvement in the process, will the Minister confirm whether the Treasury will be the final arbiter rather than the MOD?

6.26 pm

Mark Menzies (Fylde) (Con): The hon. Member for Plymouth, Moor View (Alison Seabeck) made a light-hearted reference to her second maiden speech, but I am proud to tell the House that this is my first maiden speech. If the House will indulge me for a few moments, I would like to take this opportunity to pay tribute to my predecessor as a Member of Parliament for Fylde, the right hon. Michael Jack.

Michael was known to the House most recently as an incredibly capable MP who served as Chairman of the Environment, Food and Rural Affairs Committee, and he was held in great esteem. But Michael also served this country as a Minister both in the Ministry of Agriculture, Fisheries and Food and in the Treasury. More importantly for me, he served the people of Fylde with real class. When I look to someone as a model Member of Parliament, Michael Jack is such a person. Without the glare of publicity, he just got on and did the job. With that in mind, I hope to be able to serve in his footsteps. Michael Jack was also a great defender of the Typhoon Eurofighter, which I hope to talk about later in my speech.

The Fylde constituency is the jewel of the north-west. I am glad that it is you, Madam Deputy Speaker, not one of the other Deputy Speakers, who is in the Chair, because they might disagree with that comment. I am often asked by hon. Members where Fylde is, and whether it is next to Blackpool. It most certainly is not. Blackpool is in the Fylde, not the other way around. Fylde is famous for a great many things. It has world-class golf courses and will soon host the world open golf championship. It has some of the cleanest beaches anywhere in the United Kingdom and some of the finest agricultural land in the north-west. Lytham Green, with its iconic windmill, which this year hosted the local proms, is an example of a fine green space which is attractive to tourists.

My constituency does have its problems, however. The high street of Kirkham, a proud market town, like many high streets throughout the country, has many empty local shops. Councillor Elaine Silverwood runs a local bookshop there, but she also makes ice cream and has a tearoom. That spirit of entrepreneurialism gives me a lot of heart. It is not about sitting back and complaining about how things are; it is about encouraging people in the constituency to go out there and make a difference, to take over empty shops and really start to bring something new and different to the high street. I pay tribute to such people in my constituency.

Fylde is also a beautiful constituency. Wrea Green is a stereotypical English village. As someone who was born in Scotland, even I can fully appreciate it. Cricket is played there in the summer, and one can hear the sound of leather on willow. Until recently, like many villages in my constituency and towns throughout the country, Wrea Green was threatened by the Government's regional spatial strategy. I thank the Secretary of State for Communities and Local Government for his swift

[Mark Menzies]

action in abolishing the targets set by that strategy, giving hope once again to people who cherish green space.

I also congratulate Blackpool football club. I would not seek to claim credit for Blackpool's elevation to the premier league, nor would I claim that the club is located in my constituency, but its training ground is, its very talented manager lives in my constituency, and what is more, most of the players do, too—so if I am going to take the glory for someone else's hard work, this is the moment.

Fylde is also incredibly fortunate to be served by two very good local newspapers, *The Gazette*, which is printed six days a week, and the *Lytham St Annes Express*, which is a shining example of how a talented editor—Steve Singleton in this case—can do a lot in difficult times. However, if the sun ever fails to shine in Fylde, one can always jet off to warmer climes, because Blackpool airport is very much based in my constituency.

Let me turn to the substantive issues in today's debate. Fylde is neither a twee constituency nor simply the beautiful rural jewel that I have described; there is much more to it than that. We make things in Fylde. It is the home of nuclear fuel, employing 2,000 people, and in a future debate I wish to expand on that point. It is home also to the military aircraft division of BAE Systems, employing more than 8,000 people directly. Indeed, it is not only the home of the Typhoon Eurofighter; Nimrod final fit-outs and all the developmental work on unmanned aerial vehicles takes place there. The Americans take the credit for many things, but one thing for which they cannot take credit is that technology. The United Kingdom is the world leader in that technology, and it is developed in my constituency.

On the defence review, I should like to make an appeal to the Minister. I know that budgets are tight and many Members from all parts with interests in defence procurement are making pitches, but we need Typhoon tranche 3b for a number of reasons. We live in an unpredictable world, and, as my hon. Friend the Member for Harwich and North Essex (Mr Jenkin) said, we cannot tell what the future holds, other than that it will be unpredictable. At times Government Front Benchers talk about export potential, and British Aerospace is working very hard in Saudi Arabia, Oman and Japan to win exports. However, the aircraft's cost model is built on the premise of a future RAF order, and Ministers must be aware that if a future order is not forthcoming the cost dynamics will change, and BAE might not be competitive with the United States and France in export markets.

Finally, on that subject, I pay tribute to Unite. I may be the only Conservative Member to do so, but there we have an example of the trade union working with BAE management and the Government to deliver what is important: a quality product, products coming off the production line and everyone pulling in the same direction. I really hope that Unite continues to work with the current Government and with BAE to deliver that.

Time is catching up, so I should quickly move away from BAE and mention my other defence interest, Weeton army barracks. The soldiers based there have just returned from Afghanistan, having served this country well, and I appeal to the Minister to ensure that we do nothing that puts Weeton's strength in any doubt.

Madam Deputy Speaker, it has been a privilege to make my maiden speech. Thank you very much.

6.34 pm

Angus Robertson (Moray) (SNP): It is an honour to follow the hon. Member for Fylde (Mark Menzies), who, in the finest tradition of maiden speakers, was gracious towards his predecessor and agile in the promotion of the beauty and attributes of his constituency and constituents. He may not be aware of this, but we have a shared interest: the Nimrod aircraft, which is based in my constituency at RAF Kinloss. No doubt he will develop a strong interest in Nimrod and in all the other industries in his constituency. On the Nimrod link, and on this day, having heard about the 300th casualty in Afghanistan, I, too, pay tribute to all those brave servicemen and women who have made all the ultimate sacrifice—while not in any way losing sight of the pain and suffering of their families, 14 of whom are related to service personnel who died aboard Nimrod XV230, which was based at RAF Kinloss.

The strategic defence review is long overdue, and it is correct for foreign policy, defence and security considerations to be the drivers of such an exercise. But, it is important that during the process we do not lose sight of achieving a balanced and fair defence footprint throughout the nations and regions of the UK. I make an appeal to Ministers on the Treasury Bench on that subject, because I shall return to it repeatedly. We cannot overlook or underplay the fact that the financial drivers behind this SDR are massive, and the consequences of decisions will be significant for many parts of the UK. We know that, because the Royal United Services Institute—RUSI—estimates a likely defence budget cut of between 10% and 15% over the next six years, and a 20% personnel cut over the same period. If that were applied in Scotland, it would result in 2,400 job losses.

Many Members may not be aware that there are already fewer service personnel based in Scotland pro rata than in the defence forces of the Irish Republic. If RUSI's expected reduction is realised, Scotland will have fewer service personnel in real terms than the Irish Republic. That is not a surprise if we try to understand what has happened in recent years, but if we do not do so the SDR will run away with itself, leaving Scotland—and, incidentally, other parts of the UK—with such a denuded footprint that there will be very serious consequences.

Since the previous SDR, the number of defence jobs in Scotland has gone down by about 10,000. That includes 1,880 fewer service personnel, 4,600 fewer civilian personnel and 4,000 fewer jobs associated with the defence sector. All those numbers come from the Ministry of Defence.

Thomas Docherty (Dunfermline and West Fife) (Lab): Does the hon. Gentleman share my surprise at the fact that the Liberal Democrats do not seem to care about the closure of RAF Leuchars, which would have a devastating impact on the Fife and Tayside economy?

Angus Robertson: The hon. Gentleman is a new Fife Member, and I welcome him to his place. He is very alive to the risks in Fife, as I am to those in Moray and others are to those in their constituencies. I am very surprised by the fact that the right hon. and learned Member for North East Fife (Sir Menzies Campbell),

who is not now in his place, did not seem to acknowledge that it would be important if there were cuts at RAF Leuchars.

This is not just about jobs, but about defence expenditure, and again, using MOD statistics, we can understand that under the previous Government there was a significant defence underspend—the difference between Scotland's population share and the amount of money that the MOD spent in Scotland. That underspend ranged from £749 million in 2002-03 to £1.2 billion in 2007-08, representing a 68% increase over the period. Between 2002 and 2008 the defence underspend in Scotland totalled a mammoth £5.6 billion, and the largest recorded underspend in one year was £1.2 billion, between 2007 and 2008. Those things should be taken into consideration.

I said in passing that this has impacted not only on Scotland, but on Wales and Northern Ireland in exactly the same way. When Scotland had an underspend of £5.6 billion, the underspend in Wales was a staggering £6.7 billion, while in Northern Ireland it was £1.8 billion. Some might ask themselves whether cyclical factors are involved, and think that defence contracts have simply come and gone—but when we look at the numbers we see that that is not the case: there is currently a structural underspend.

All that has happened over a period when there have been job losses across all three services the length and breadth of Scotland. The list is long. At RAF Lossiemouth in my constituency, one announcement revealed that 340 service jobs were being terminated, and then there was another announcement that 700 service jobs were being terminated. As has been mentioned, 160 service jobs were terminated at RAF Leuchars. At RAF Kinloss, which is in my constituency, 180 service jobs were terminated.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): Does the hon. Gentleman not accept that if he had his way and there were an independent Scotland, there would be no UK defence jobs and no UK defence contracts in Scotland at all?

Angus Robertson: Perhaps the hon. Lady will concede that if we spent our population share on defence, we would have significantly more service personnel; more would be spent on procurement and as part of the defence sector in Scotland than is spent now. I do not know whether she was listening at the start when I said that the UK already has fewer service personnel pro rata in Scotland than the Irish Republic does.

The hon. Lady obviously did not want to listen to the litany of further closures that took place under the Labour Government. HMS Gannet lost 245 service personnel and hundreds of jobs were lost on the Clyde; incidentally, there are fewer shipbuilding jobs on the Clyde now than when Labour came to power. RAF Stornoway was closed, as was the mooring and support depot at Fairlie. The royal naval storage department in Rosyth was closed, while RAF Machrihanish was passed to Defence Estates. The Army depot at Forthside in Stirling was also closed, as was RAF Buchan.

The list goes on and on. I should like those on the Treasury Bench to understand that the strategic defence and security review cannot take place without an understanding of what has happened to the defence footprint across the United Kingdom. If there is not such an understanding, the review will be severely denuded. We had only to open one of Scotland's best selling quality newspapers this weekend to learn that, apparently, areas slated for closure include RAF Kinloss, RAF Lossiemouth, 45 Commando, Fort George, the Queen Victoria school at Dunblane and the 2nd Division at Craigiehall. There are concerns about procurement projects, including carriers on the Clyde and in Rosyth.

At the start of this debate, I asked the Secretary of State what consideration he would give to the concept of the defence footprint at the end of the review. He said—I paraphrase—"We will be considering these matters as part of the defence industrial strategy." With the greatest respect, this issue is much bigger than the defence industrial strategy. It is about the location of bases and the companies that produce for the major contracts—about what is left open and what closes. I repeat that, of course, the driver in an SDSR must always be defence and foreign policy considerations. That is understood; everybody understands that.

Mark Tami (Alyn and Deeside) (Lab): Will the hon. Gentleman give way?

Angus Robertson: I am running out of time, and I want to conclude by saying this. Unless those issues are considered at the MOD now, they will be lost as the different services interplay and trade off the different things that they will lose as part of the SDSR. Somebody needs to take charge and ask themselves what will come out of the situation and what will be left of the defence footprint around the UK. What will be the impact on the nations and regions? If that does not happen, I predict that there will be big losers and virtually no winners.

6.44 pm

Eric Ollerenshaw (Lancaster and Fleetwood) (Con): Thank you, Madam Deputy Speaker, for allowing me to make my maiden speech during this important debate. Unfortunately, the previous maiden speech was made by my hon. Friend the Member for Fylde (Mark Menzies), who set such a high standard.

I am proud to be a new MP and represent the new seat of Lancaster and Fleetwood. It was formed from the old seats of Blackpool, North and Fleetwood and Lancaster and Wyre, and I pay tribute to my two predecessors. For 13 years, Joan Humble was Member of Parliament for Blackpool, North and Fleetwood and she represented the town of Fleetwood to the best of her ability. I know that in this place she was well respected on both sides of the divide for her work on the Social Security Committee and for her chairmanship of all-party groups, including the all-party group on childcare. Joan stood down before the last election, and I am sure that we all wish her the best in whatever career she develops.

My other predecessor, my hon. Friend the Member for Wyre and Preston North (Mr Wallace), is still in the House; he was selected for that new seat and elected with 52% of the vote—a figure that I aspire to, given my current majority. I owe a great deal to him. He was a friend, mentor and guide while I was a candidate and he has set me a high boundary to hit, given his campaigning for his constituency in the last Parliament. I particularly highlight his work in defending the people of Wyre

[Eric Ollerenshaw]

against plans to store gas under the River Wyre. I hope to join him in that campaign, alongside his constituents and mine.

Many people have commented on my constituency's boundaries. I visit the constituency of my hon. Friend the Member for Fylde frequently, because I have to travel through three other constituencies to get to a third of my constituents. I do not know whether any other Member faces such a situation. Fleetwood is a town on a peninsula with the River Wyre on one side and the sea on the other—one of those seaside towns and fishing ports that have been so neglected in recent years. Its infrastructure has been neglected; its railway has no trains and its A road has only a single carriage. Its fishing fleet has almost been destroyed by the depredations of the common fisheries policy. What is left of it is now also threatened by the new plans for offshore wind power.

At the centre of Fleetwood there is a whole community of family businesses. Perhaps the famous "Fisherman's Friend" is the most well known to Members; I am told that it sells 4,000 million lozenges per year, in more than 100 countries. [Hon. Members: "Hear, hear!"] That makes for a damn lot of hot air, I would imagine. I particularly compliment the family that runs the company; Doreen Lofthouse, the head of the family, has contributed so much to the town of Fleetwood and sets an example of what businesses can do for their own areas.

A third of my constituency is rural and many Members, particularly on the Government side, have understood the neglect that such areas have suffered following 13 years of a Labour Government. Village shops and post offices have been lost, and there is a feeling that that Government left them behind and forgot about them. Those areas have great hopes that the Conservative Government will rebalance that agenda. The rural area of my constituency is a fantastic part of the world. It is bounded by the Pennines and the sea. Bowland forest is a favourite spot; it has been well known in the country throughout history. In that rural area, however, villages in the upland areas still lack contact with broadband provision. To reach Wray, one of those villages, and the hamlets beyond it, I have to drive through yet another constituency—that of my hon. Friend the Member for Morecambe and Lunesdale (David Morris). I think I can already claim some kind of record. I am perhaps the only Member who has to travel through four separate constituencies to reach the various parts of his constituency.

To top it all, there is the ancient city of Lancaster. It is useful in a pub quiz, because most people assume that it is a county town, but it is not. It is, however, an ancient town and city, with its fantastic university and castle. According to *The Times*, the university is one of the top 10 British universities. I proudly say that in the few weeks before the election, Lancaster university had its annual battle of the Roses with York university. It triumphed yet again, as Lancashire always does.

The other key issue in Lancaster is that we have a very large Territorial Army base. Across the north-west, 3,400 volunteers—men and women—are in the TA, on top of the Royal Naval Reserve, the Royal Air Force Volunteer Reserve and the Royal Marines Reserve. Since 2003, 1,700 of those volunteers have served in Afghanistan, Iraq and the Balkans. I wish to pay tribute here to the chairman of my association, Dr Robin Jackson, who is commander of 207 Field Hospital (Volunteers), soon to go out to Afghanistan. I am sure that all hon. Members' prayers, as well as mine, go with those people on their second tour of duty in that country. I was so pleased when, in response to questions from more eloquent Members than me, the Secretary of State spoke about the importance of our reserves, what they contribute, and the mobility that they give to this country and to the Army's capability. They are a fantastic operation.

As I am sure most Members understand, all our constituents are questioning our engagements abroad at the moment. Certainly in my constituency—where people are, as they say, not backward in coming forward—the jury is still out on what is going on in Afghanistan. However, I will tell Members what they will not put up with and what they expect from this new Parliament: whatever future engagements the Government have for our soldiers, whether regular or volunteer, never again should they be sent out there without the best equipment that this country can provide.

6.51 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): I congratulate my neighbours, the hon. Members for Fylde (Mark Menzies) and for Lancaster and Fleetwood (Eric Ollerenshaw), on their excellent and persuasive maiden speeches. That sentiment is all the more heartfelt, given that probably more than half my constituents also wish that they were fellow Lancastrians.

No function of Government is more important than the defence of their people and support for those who put themselves in harm's way. It is therefore absolutely right that in this review, the needs of country and of the front line must come first. Our manufacturing base is critically important. I represent a constituency where 5,000 people are employed in Barrow shipyard alone—the foundation of the whole economy. There is a supply chain that reaches right across the UK, with the Trident successor set to provide work for nearly 400 suppliers stretching from Aberdeen to Portsmouth. Furness would be decimated if production were to cease. Yet I know that it is the contribution that employees in my constituency make to their country's security that gives them such pride. They include workers at BAE's Global Combat Systems making the M777 howitzers for troops in Afghanistan, the likes of Oxley and Marl responding to urgent operational requirements such as infrared lighting to support night driving in that difficult terrain, and workers at BAE's Submarine Solutions building the Astute class boats that will potentially, in future conflicts, lessen the need for front-line troops to put themselves in harm's way.

My case is not that the strategic defence review should create defence priorities to sustain our prized industrial base; rather, jobs and capacity within the UK must be maintained precisely because they are essential to keeping our nation safe. We must of course be more efficient and make some very difficult choices, but retaining a unique industrial capacity will continue to give us a military edge in key fields in responding quickly to the next urgent operational requirement and producing subs whose maintenance is not reliant on offshore expertise, compromising our sovereignty and security. How we create a capability through a new defence industrial strategy is critically important, but so, of course, is what we create.

I want to devote the rest of my speech to the importance of taking the right decisions on our independent nuclear deterrent.

Mark Tami: Before my hon. Friend moves on to the nuclear issue, does he agree that many countries have often found that when they simply buy off the shelf from the US, it is a bit like buying a car and finding that there are lots of blanks where all the important gizmos should be, because the Americans keep them for themselves? There are also lots of ongoing costs regarding servicing and the black box technology that the Americans keep for themselves.

John Woodcock: My hon. Friend is absolutely right. Very difficult decisions are involved in this review, but we must not overlook the advantage that home-grown, home-made kit gives our armed forces out in the field of combat.

Of course, as parliamentarians and as individual human beings, our instinctive feeling towards the ultimate weapons of mass destruction that the deterrent represents is one of deep hostility and revulsion. It is a responsibility on all of us to strive for a world free from nuclear weapons. So for all the thousands of people who depend on it in my constituency, if abandoning the deterrent now would make the world safer from the threat of nuclear holocaust, it would be my duty to embrace that. However, unilaterally scrapping or delaying the renewal of Trident would make our country and the world less safe, not more so. Instead, it is vital that we secure genuine progress on the multilateral non-proliferation talks that are currently under way. While the threat persists, as we know it will for the foreseeable future, it would, as the hon. Member for Harwich and North Essex (Mr Jenkin) argued well, be wrong to jeopardise our country by stalling on renewal.

We must guard against the dangerous spread of woolly thinking on this issue. We must not repeat the costly mistake of the last Conservative Government, who left too long a gap between completing the Vanguards and starting the Astutes; and we must resist opting for a platform that, while still capable of great evil and destruction, is no longer an effective deterrent against a hostile strike. Today, I am afraid, the Secretary of State again refused to say whether the new value-for-money review of Trident is considering only the cost of a new ballistic missile submarine platform, or alternatives to it. As the right hon. and learned Member for North East Fife (Sir Menzies Campbell) said, the surprise decision last week to suspend work on the successor programme suggests that the review may be more significant than we had first thought, because the former approach—driving out unnecessary costs as a programme develops—is what any Government should do all the time. The latter approach, however—considering alternatives to the successor—needlessly reopens a question settled in the 2006 deterrent White Paper. Even if new Ministers end up reaching the same conclusion as the previous ones, this could cause serious delays in a timetable which is already very tight, and ultimately spell a further gap in the order book that could again see skills lost and thousands laid off.

If the Government reach a different conclusion, however, serious consequences would follow for the public finances, jobs and the security of the nation. As far as I can tell, the Secretary of State has said that the Government remain committed to a submarine-based deterrent, so let us consider the alternatives that fit those criteria. On the option of refitting the Vanguard class submarines, we could do that, but relying on a relatively short and very expensive life extension would mean taking a massive punt with our national security.

It is also time to puncture the seductive myths around the second alternative: redesigning the Astute-class submarines so that they could carry nuclear warheads. There is a myth that this option would be cheaper, but it would not. It would not simply be a case of nailing an existing warhead to an existing Tomahawk missile and shoving it aboard one of the seven Astutes that are already slated to be built. We would need to construct many more new warheads from scratch, at vast expense and possibly in contravention of our non-proliferation treaty obligations. We would need to procure a new missile system, again at huge cost. We would need a costly redesign of the sub, as one cannot just slot a nuclear missile into a tube designed to fire a conventional Tomahawk. Finally, we would need many more submarines than we have at present. A fleet of conventional Astutes would still be needed to guard the new ones—they could not just double up—and missile size constraints mean that it could well be necessary to build many more vessels than the four ballistic missile boats they would be replacing.

This would not only cost UK taxpayers more but leave them significantly more vulnerable. The range of cruise missiles is much lower than that of ballistic missiles, and they can be much more easily stopped, so the UK would be left with chilling nuclear weapons, but without the strategic deterrent capacity that ultimately makes the horror of nuclear war less likely. That is truly an option that would deliver less for more.

I suggest that some who argue for a cheaper deterrent really mean that we should not have a deterrent at all. They should just come out and say that. To those who usually dislike American dominance but seem happy to leave the US and the French with the responsibility of protecting the world from nuclear war, I say, fine, but let them make that clear too. It is wrong for our country's security and our ultimate aim of a nuclear-free world, and yes, it is wrong too for jobs in my constituency and across the country. However, a debate on those terms would at least prevent us from wasting money chasing an unrealistic middle way at a time when there has never been a more pressing need to ensure that every pound of defence spending is invested wisely.

7 pm

Dr Julian Lewis (New Forest East) (Con): It is a great pleasure to follow the hon. Member for Barrow and Furness (John Woodcock), and he will not be surprised to hear that I agree with almost every word—no, actually with every word—that he said about the nuclear deterrent. I hope that that does not damn his political career for eternity. He paid generous tribute to my hon. Friends the Members for Fylde (Mark Menzies) and for Lancaster and Fleetwood (Eric Ollerenshaw) for their maiden speeches, which I am happy to endorse.

Perhaps I can cheer the hon. Gentleman up a little by letting him into a secret. When my right hon. Friend the Prime Minister was aspiring to the leadership of our party, he held a series of interviews with his hon.

[Dr Julian Lewis]

Friends, of whom I was one. When I went in, I asked him only two questions. One need not concern us today, but the other was about his attitude to the nuclear deterrent, and I am delighted to say that he was extremely robust about it. If the hon. Gentleman and other hon. Members care to check the response of our current Prime Minister to the statement of former Prime Minister Tony Blair on the subject in December 2006, they will see that it was once again extremely strong. That was the only occasion when I was ever called in to have anything to do with drafting a response to a Government statement. Our current Prime Minister made two alterations to what his speechwriter and I had drafted between us, both of which were to toughen up his response, not to weaken it. Although our coalition partners may hope to chip away at the edges on this matter, if I know the Prime Minister as well as I think I do, at least on this subject, they will undoubtedly be disappointed.

As hon. Members on both sides of the House will undoubtedly be aware, in the mid-1920s, a glassy-eyed rabble-rouser called Adolf Hitler was incarcerated in Landsberg prison, putting the finishing touches to "Mein Kampf". At the same time as, sad to say, that man was pre-determining future history unregarded in that cell, the chiefs of staff of the armed forces were trying to decide what they would have to defend Britain against in the future. So incapable were they of predicting the future, understandably, that each of the armed forces prepared its hypothetical contingency plans against an entirely different potential enemy.

The Royal Navy—understandably, because Japan had a large navy—felt that we should prepare against possible Japanese aggression in the far east. The Army—understandably, because Russia had a large army—felt that we should prepare against possible Russian aggression somewhere in the area of the Indian subcontinent. The Royal Air Force was a little bit stuck, but eventually came up with an idea. Because the French had a rather large air force, it decided that we should prepare against a possible war with the French. Not one of the three wise men heading the three services, which had eventually done so well in the final stages of the great war, predicted that the real enemy that would face us, only 15 years later or less, would be a revived Germany led by that man scribbling away in a cell in Landsberg prison.

Mark Tami: I agree with the hon. Gentleman, and we do not need to go that far back. When I was growing up in the 1970s—I know it does not seem possible, but I am genuinely that old—we were facing what we were sure was the actual threat, which was the Soviet Union pouring across the plains of Germany, massed tank battles and the use of tactical nuclear weapons, and then no doubt some form of nuclear holocaust engulfing the world. Nobody mentioned North Korea or Iran—they were not even on the radar. It is clearly difficult to guess what the future holds.

Dr Lewis: I am delighted that I gave way to the hon. Gentleman, who is absolutely right. I could add to the examples that he gave the Yom Kippur war, which was not predicted by hypersensitive Israel, the Falklands war, which was not predicted by us, the invasion of Kuwait, which was not predicted by anybody, and the attacks of September 2001, which were not predicted by the world's then only superpower. I therefore very much welcome the Secretary of State's acknowledgment that there is an unpredictability factor. We simply do not know what enemies will arise, when, and what sort of threat we will face.

This argument has been had over and again throughout the history of defence, most notoriously between 1919 and 1932, when something called the 10-year rule was in operation. It was felt that we could cut forces, because we could always look ahead a decade and say, "Well, there doesn't seem to be any threat facing us now." It is impossible to know significantly in advance, if at all, when we will next find ourselves at war. That means it is a limiting factor when we say that a defence review must be foreign policy-led, or even defence policy-led. At the end of the day, what we are doing in the strategic defence and security review is calculating the premium that we are prepared to pay on the insurance policy against harm befalling this country. With a normal insurance policy, if we knew when an accident would happen or when an injury would be inflicted, we could probably take steps to avoid it and would not need to spend money on the premium in the first place. However, we do not know, and that is why we have to spend the money.

As I indicated in an earlier intervention, I am particularly concerned about a frame of mind that is prevalent in some quarters of the Army, and which asserts that, because we are engaged in a counter-insurgency campaign now, anybody who says that in 20 or 30 years, or even longer, we might need modern aircraft to defend our airspace, modern naval vessels to defend our waters and lines of communication or even modern military vehicles to enable our Army to fight—hopefully alongside others—a foreign aggressor that not just had irregular or guerrilla forces but was possibly a hostile state, is living in the past or still thinking in cold war terms. I think like that, but I am not still thinking in cold war terms. I am thinking of the wars that we might have to face two or three decades hence, not just the conflicts in which we are engaged today.

A few years ago, I heard a senior military officer say that a tipping point might come when we had to choose between fighting the conflicts in which we were currently engaged and fighting a war at some time in the future. In other words, he was trying to contrast the small expectation of a big war in the future with the big expectation of a small war that we might have to fight sooner. I said at the time that I felt that to be a false choice, but if I had to make the choice, I would rather insure against the danger of a big war in the future than that of a small war closer to hand.

Mr Jenkin: My hon. Friend is making an excellent speech. To reinforce his point, I add that the small wars that we have fought recently have had more characteristics of state-on-state warfare than many people would care to admit. Serbia fought like a state, as did the Taliban, and Saddam Hussein certainly fought like a state twice. The idea that we should give up state-on-state warfare capability is absolute madness.

Dr Lewis: I entirely agree with my hon. Friend that that is absolute madness. I shall not name the senior Army officer who first proposed that thesis—all I will say is that he has become a very senior Army officer,

and some say that he might even become an extremely senior Army officer—but leave it to people's reading of the runes.

The reality is that in those conflicts that we fought, our high-end, precision materiel, our modern techniques, and our use of aircraft, naval vessels and mechanised warfare equipment, have been essential in getting us into theatre. The country has been disturbed and worried not by the casualties we have taken going into a theatre and displacing a hostile Government, but the casualties we take in day-by-day attrition that result from our persisting with methods that make it inevitable that our opponents can inflict them. I say this to shadow Ministers: it is not unpatriotic to question the strategy that is being followed in Afghanistan. Strategies can be improved. In previous wars, we have used strategies that failed over and again. Eventually, when they were changed, the outcomes improved. That can happen in Afghanistan.

I understand that resources are scarce and that each of the armed forces will want to make a case that suits its book best, and to claim most of those scarce resources, but we must have balanced forces, and I am delighted that the Secretary of State indicates that we will.

7.12 pm

Mrs Madeleine Moon (Bridgend) (Lab): It is with some trepidation that I follow the hon. Member for New Forest East (Dr Lewis), who, as always, spoke with erudition, energy and great humour. He left us with a tantalising question: what was the other question asked those years ago by the Prime Minister? No doubt many of us will ply him with alcohol later to try to find out.

This morning, I was in Bridgend with my hon. Friend the Member for Ogmore (Huw Irranca-Davies), raising a flag to honour servicemen and women ahead of this year's armed forces day on Saturday. In Bridgend, the links that bind ordinary families to the military are long-lasting. Many have the military woven into the fabric of their daily lives—it is not always on show, but it is strong and enduring. The strength of those links is a challenge, because the public now demand a new legitimacy for our actions: they demand an understanding of the actions that place our armed forces in harm's way. Setbacks, mistakes, failures, and civilian or military casualties, can all diminish military and public acceptance of, and support for, intervention.

As has been said, the defence and security of the realm is the primary responsibility of the state, the Government and the House. Without the capacity to defend ourselves and secure the lives and prosperity of citizens, we face instability, insecurity and ruin. War is the final option in our defence and homeland security armoury, and Governments must go to greater lengths to secure that legitimacy, and the public's engagement and understanding, before taking it. That is why debates in the House are so important, and why they must address what we seek to defend and why; against what risks and dangers we seek to defend ourselves; what defence forces we need and have available; what equipment, skills and training our defence forces need; how those forces will be deployed and managed; and, importantly, how our forces and their families will be cared for during service and in their lives after service, which might well be blighted by their service. We carry a huge responsibility for that, and the review must firmly address it.

The British public have the luxury of living their lives mostly ignoring the dedication and hard work carried out in their name by our vast defence and homeland security services, because the services do their jobs well and effectively. Defence Ministers are on the Front Bench today, but all Departments have a defence and security role to play. We have talked a lot about the Ministry of Defence and the Foreign and Commonwealth Office, but the Home Office and the Department for International Development are also key players; there are huge implications for the Department of Health, the Department for Work and Pensions, the Department for Business, Innovation and Skills; and, as access to water and food, and energy and climate change, rise up the political, military and defence agenda, the Department of Energy and Climate Change and the Department for Environment, Food and Rural Affairs have increasingly important roles.

We need to look at the lessons that have been learned and examine what changes are needed, what challenges are to be faced and what costs are to be borne. Terrorism, extremism and fundamentalism are not new challenges to Britain—they litter our history—but one new challenge is the global communications world, as that is how recruitment for our enemies can be increased.

Disillusionment among our public will grow from our failures. In recent years, we have seen the failure of the western economic model, human rights abuses and corruption damage the image of western democracies, and how actions in Gaza, even against evil such as Hamas, have turned public opinion against democracies. I was pleased that the Saville report into the events of Bloody Sunday demonstrated that there is no hiding place when such mistakes are made.

One issue that has not been addressed in the debate, but which must be addressed as part of the defence and security review, is the use of private military companies in combat zones. The use of such companies has proliferated. Many private sector companies are indispensable to front-line troops, providing repair and maintenance for essential equipment, logistic support, supply lines and provisions, but there is growing concern about the use of military security companies in combat and combat support roles in the absence of strict licensing and regulation regimes. DFID staff have told me that they were even prevented from going forward to do their jobs not by our military commanders on the ground, but by the diktats of private security companies. That cannot be allowed to happen, and those companies must form an important part of the review.

Setting values and ethics is complex at times of state-on-state warfare, but that threat has diminished. Coalition partnerships have new challenges in setting up new values and ethics as we work together and use new weapons that pose increasingly high risks to civilian populations. Although the Grey report revealed that the UK has better procurement than most comparable military nations, it still demonstrated that our process results in us procuring worse boys-let-loose-in-a-toy-store lethal weapons than I ever thought imaginable. Procurement must be addressed and tackled.

We have new challenges and risks and a change in the balance of power in the world. The impact of the rise of new economies—China, India and Brazil—and the demise of American, western hegemony, and our political, economic and ideological dominance, will impact on

[Mrs Madeleine Moon]

our defence and security. I hope to be a member of the Defence Committee in future, to look at how the review plays out, and to challenge some of the decisions that are made in our name and the leaders who make them.

7.20 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): May I first congratulate you, Madam Deputy Speaker, on assuming your role as a Deputy Speaker and, secondly, thank you for giving me the opportunity to speak in this debate on the strategic defence and security review? I am grateful, because it is an important debate for my Plymouth, Sutton and Devonport constituents.

I came into politics as a Conservative party agent. For 10 years I was Angela Rumbold's agent, who I am very sad to say died on Saturday evening. I am very sorry about that, because she was an incredibly good friend and I am grateful for all the advice that she gave me—I am thinking about the speech that I am making now as well. May I also thank my right hon. and hon. Friends on the Front Bench for all the help and support that they have given me over the years? When the Secretary of State was formerly the shadow Defence Secretary, he used to come down to Plymouth quite a bit, as he did when he was the party chairman, so I am afraid that he has had to get rather used to me asking him for things on a regular basis. It is also an enormous privilege to follow my hon. Friend the Member for New Forest East (Dr Lewis) and the hon. Member for Bridgend (Mrs Moon), who both raised a number of issues that I hope to pick up.

Making one's maiden speech is an incredibly daunting experience, but from my point of view it is made even more daunting by the fact that I am following Nancy Astor, Janet Fookes, Michael Foot, Dr David Owen, Alan Clark and Joan Vickers, with my hon. Friend the Member for South West Devon (Mr Streeter) and the hon. Member for Plymouth, Moor View (Alison Seabeck) both representing parts of the predecessor of my constituency. Then there is my immediate predecessor, Mrs Linda Gilroy, whose energetic social justice campaigning on the issue of fairer water bills for more deprived communities in the south-west was incredibly important. Indeed, we had an Adjournment debate on that last week. Her work on the Select Committee on Defence also ensured that nobody was unaware of the role that Plymouth has played in the defence of our nation.

In the course of the past month or so, many of my hon. Friends have commented to me about my fighting the Plymouth, Sutton and Devonport seat and its predecessor three times. Let me remind them that it was Sir Francis Drake, who entered this House in 1581, who had to finish his game of bowls before he was able to go and beat the Spanish armada, clearly demonstrating that patience and commitment are important in Plymouth.

From Plymouth's magnificent natural harbour, some of our leaders have gone out to explore the world and show us what was going on. They include Sir Francis Drake, Raleigh, Hawkins, Sir Francis Chichester and, of course, Scott, whose anniversary it will be in two years' time. In 1620, the Pilgrim Fathers left from the Mayflower steps to establish America's second settlement. In 1690, the first dockyard was built on the River Tamar at Devonport. Plymouth as a city also has a number of major assets. It has a university with a distinguished reputation for marine science research; wonderful, diverse architecture; some of Britain's finest—and liveliest—students; a dramatic waterfront; the excellent Theatre Royal; the remarkable Peninsula college of medicine and dentistry; and, of course, an historic dockyard and naval base.

However, Plymouth has also paid a high price in defending our country. It was badly bombed during the blitz, and it also provided a series of ships and servicemen to win back the Falklands in 1982, and, just recently, 29 Commando—including my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti)—to serve out in Afghanistan, as well as the Royal Marines, who have played a significant role in defending our country while based in Afghanistan and Iraq. I am very aware that the sacrifices that they ended up making have left a lot of families bereft of their relatives, with all the heartache and sadness that goes with that.

Despite that, there is a sense that Plymouth has been slightly left out, being at the far end of the peninsula, especially when people have seen the frigates and their families being moved to Portsmouth and the submarines moved up to Faslane. The city was surprised—and, I think, rather hurt—that it was not included as a location for the national veterans weekend in 2009. However, I very much hope that those on my Front Bench might be willing to take that point on board when the position is reviewed in 2012.

The big issue that I feel is going to be important in this debate on the strategic defence and security review is that of combat stress and the facilities that we need, including in Plymouth. I realise that a number of colleagues have spoken about this issue, but I very much hope that my right hon. Friend the Secretary of State takes on board the ticking time bomb that is lurking in Plymouth as well. Coming from a service family whose father entered the Navy at the age of 14, I was brought up with an understanding of some of the mental health issues that went with his colleagues and friends. Recently, the Royal British Legion made it clear to me that it can take up to 14 and a half years for issues to do with combat stress to become apparent.

Plymouth has a serious drug and alcohol problem. Unless we take action now, I am afraid that we will be putting greater pressure on our health service, police, prisons and housing, so I would say that this is a case of "Action stations now". If I do nothing else in my time in this House but raise the issue of mental health and combat stress, I feel that I will have made as significant a contribution as those other Members, including Dame Joan Vickers, who was a pre-eminent Member of Parliament.

7.27 pm

Mr Dai Havard (Merthyr Tydfil and Rhymney) (Lab): It is a pleasure to serve under your weather eye, Madam Deputy Speaker—a new dawn, if not a red dawn.

Anyway, let me turn to the question at hand, which concerns the strategic defence and security review. I do not want to deal with some of the things that ought to be in the review; I would like to return to the discussion

about how we are going to conduct it. It seems to me that we are talking about a collection of reviews. There has been much talk about, for example, the discussions that we have had in the past about the strategic nuclear deterrent and other things. As far as the strategic nuclear deterrent and the last discussion that we had on it are concerned, I can say as a member of the Defence Committee at the time—there are other members in the Chamber today—that we had to fight to have that discussion in the first place. We produced three reports—in order to do what? To inform a discussion; so there must be scrutiny.

We have heard about scrutiny of the current nuclear deterrent review. As I understood it—there are people here who can correct me on this—the coalition document says that it has been agreed, quite rightly, that

"the renewal of Trident should be scrutinised to ensure value for money."

I thought that that would mean scrutiny of the process as it went along, but it appears today that it means a one-off shot. I am sure that there are Liberal Democrat Members who will be somewhat surprised, as I was, that this scrutiny will not form part of an ongoing process of deciding where we are. I thought that the debate about whether we should have a strategic defence review was a debate about possibly having one at the start of every Parliament. Over the past 10 years, we have effectively been having a series of strategic defence reviews, but in an ad hoc and piecemeal way, without taking a strategic approach.

In "On War", Clausewitz said that strategy is more like an art than anything else. What is the art? It is the art of timing. Knowing what to do and how to do it can be the science; knowing when to do it is the question, and that is what we should address. In doing that, we also have to open the process up to some form of scrutiny. We are talking about a strategic review, apparently of both security and defence, and it was the Secretary of State who talked about the MOD's contribution to that discussion. That assumes that we will therefore have a Foreign Office contribution and a Home Office contribution as well, with all the different elements coming together. I hope so, and I hope someone is going to explain to me the sequence of events by which we can scrutinise not only the strategic nuclear deterrent, but all the elements that make up what counts as strategic or otherwise.

Alison Seabeck: My hon. Friend is making entirely appropriate points, but does he share my concern about the time scale and the fact that the SDSR and the comprehensive spending review seem to be on top of each other? Which will take priority—the MOD or the Treasury?

Mr Havard: I could give my answer, but it is not mine that is important, is it? What is important is the question, and as I understand it, based on published coalition documents, the position is this:

"The parties commit to holding a full Strategic Security and Defence Review... alongside the Spending Review with strong involvement of the Treasury".

Alison Seabeck: Strong.

Mr Havard: I bet there will be strong involvement from the Treasury, but is that involvement just about the costs, or will it also consider other things? The statement I quoted refers to a review conducted "alongside"; it does not say that the parties commit to "having a review of the nuclear deterrent by July" and it does not actually say that they commit to "determining the whole of the strategic defence review before the comprehensive spending review", but that seems to be precisely what is said in the agreement. I am most confused about what the exact sequence of all these events will be, because if proper scrutiny is not allowed for, there will be a democratic deficit. After all, legislative change could be required. One would have thought that it was a good idea to have pre-legislative scrutiny—we agreed that in the past, but now it has apparently been forgotten. One would have thought that it was a good idea for the various Select Committees to be involved. That was supposed to happen in the new Parliament.

This was supposed to be the new dawn, if I may use the pun again, whereby Parliament, and not just the Front-Bench team, would have an important role in the process. *[Interruption.]* I am asked, "Where are the speakers?" A good question. I have been in this Parliament for a number of years and taken a strong interest in defence, yet there are some defence debates that I have not bothered to attend. Let me explain why—because I was not going to sit here for six hours to get three minutes to speak. We debated the whole matter of the replacement of the nuclear deterrent in six hours, and two hours of that were taken up with a ping-pong Punch and Judy show at the front. Back Benchers who had an interest in the matter were not allowed to speak because the great and the good came in for that debate and they were given priority in the pecking order. What we need to do is to look at the process: it is not just process in the Ministry of Defence that needs looking at, but the processes here. We need to scrutinise them, and having the McKinsey book of boys consultancy, or whatever, applied in the MOD is not going to hack that. Well, the Foreign Secretary was trained by that book, so presumably he can make a contribution to it all, but that is not going to be important for the public's understanding.

If we are truly committed to taking people with us when it comes to a serious set of choices, we have to address the public, and we have to provide them with information—ground truth, that is what we need here. This is not a party issue. It is about information, reality and understanding. The Government are effectively claiming that, at last, we have an integrated and coherent process that deals with the issues and lays out the involvement of all the different Departments—but they should do it, not just claim it. From what I have heard today and from how I see the sequencing of events, they will not, in fact, be doing that. It will still be a case, as mentioned earlier, of working in silos, with each individual service doing its bit. The rubber heels at the MOD will do their bit, and everyone else will do their bit—and it will be in bits, and no matter how high they are piled up, bits do not make a strategy.

This issue is too important for such an approach. We are at the beginning of a period of change. The Government are setting an agenda for a generation and committing money that will be spent in 30 years' time. The Government know that: they know it intellectually, but they do not seem to know it in terms of how process works. They can deny it as much as they like, but the strategic nuclear deterrent will have to become part of a review.

[Mr Havard]

Put it in; do it properly; do it comprehensively. That sort of thing happens with DFID and when we go into Afghanistan—the comprehensive approach. Well, this is a comprehensive approach with large parts missing; that is what this SDSR is about.

I plead with the Front-Bench team to look back—or, rather, to step back—and consider the timing of events. It was argued earlier that we do not have to do all of this by a week next Wednesday; and we do not have to do it in a six-hour discussion, in which most of the people here, who represent the real people outside, will not be able to participate. That shows the dysfunctional level to which this Parliament has got to, and I thought that that was exactly the sort of dysfunctional activity that we were meant to be changing. Government Members have that opportunity, because they govern the debate; there are no Back-Bench opportunities to influence that yet. Perhaps that is something that those engaged in the discussion over Back Benchers and Parliament should try to change. Unless and until that debate takes place, whether it is prompted by the Government Front-Bench team or whether it is forced on them by those in others parts of the House, it will not be a real one.

7.35 pm

Bob Stewart (Beckenham) (Con): We have heard three excellent maiden speeches today, and I am delighted to say that I have some connection with all three. I know that their constituencies are wonderful. I was born near Lancaster, a fabulous place—

Dan Byles (North Warwickshire) (Con): A very long time ago.

Bob Stewart: Thank you.

I learned to dive under Royal Navy command at Devonport, despite being a pongo, and I joined my regiment in 1969—a very long time ago—at Weeton camp in the Fylde constituency. When I joined my regiment I joined a battalion that had an establishment of 750. When I handed over command of it some two decades later, it was down to 638. We had lost 20% of the manpower of our battalion. The theme of my speech, then, is resilience at the front line. It is still called a battalion, but it has been salami-sliced and hollowed out. This is a big problem, which the strategic defence review must look at. We must ensure that our front-line troops have the capability to do the job we expect them to do.

On resilience, just consider the 3rd Battalion the Rifles, which returned in April. When it came back after six months of the winter tour in Afghanistan, it had lost eight men killed in action and had 67 casualties. That meant, in terms of the fighting men for that battalion, a 14% casualty rate. My own battalion, the 1st Battalion the Cheshire Regiment as it was—now, for some strange reason, called the 1st Battalion the Mercian Regiment—is in Afghanistan at the moment. It has been there two months: it has lost five men killed in action already, and it has 35 people wounded.

If we think about the basic fighting strength—I return to the theme of resilience—of a fighting unit in our infantry, it is the eight-man section. It is very sad statistically to understand what that means—that in an eight man section, it is likely that one or two of the men fighting at the moment in Afghanistan in 1st Battalion the Mercian Regiment are likely to come back to this country either in a box or on a stretcher. Thank goodness we have the Territorial Army, as it heavily reinforces the regular Army. It does that extremely well. Indeed, in Helmand at the moment, 10% of the troops out there are either Territorial Army or reserves. It was the same in Iraq. When I visited the coalition operating base in 2007, the figure was 10%. In 2004, with the invasion of Iraq, it was 20%, so the strategic defence review has to look very carefully at how we use the Territorial Army, which has now become a proper reserve force for the regular Army.

When our troops are deployed on operations for six-month tours, they have a period in the middle of their tour called rest and recuperation—R and R—which is normally two weeks long. I put it to the House that approximately 1,000 of the 9,500 troops deployed to Afghanistan are either not there or are travelling to or from R and R. Effectively, in resilience terms, some infantry sections—I see the right hon. Member for Coventry North East (Mr Ainsworth) nodding his head, because he knows what I am going to say—are down to four or five men. Infantry cannot fight with sections of four or five men, so they are put together, with the result that combat power is reduced. Whatever the outcome of the strategic defence review, we must ensure that our front-line units are properly manned and that their ORBAT—organisation for battle—is good enough to sustain them properly.

I have concentrated on the Army, but the principle remains the same for the Royal Air Force and Royal Navy. We have a problem with the Navy, and we must ensure that the ships deployed on operations are manned and equipped properly. The Royal Air Force currently has 74 Harrier jump jets, less than a third of which are operational. We must get this right across the services.

I totally understand how difficult it is for Governments of either persuasion to get money for defence. It is extremely difficult, and I will not be found criticising the Opposition on that matter. However, we must ensure that the question of resilience is dealt with properly in the strategic defence review. We must not send our young men and women into battle without adequate manpower to sustain operations when things go wrong.

7.42 pm

Mark Tami (Alyn and Deeside) (Lab): I congratulate you, Madam Deputy Speaker, on taking the Chair. I also congratulate those Members who made their maiden speeches—I almost said "nervous speeches"; I was certainly nervous when I made my maiden speech, but they were not. To talk in military terms, they will be pleased to have got off the runway, and I am sure that they will sail high in the future.

If Iraq and Afghanistan have taught us anything, it is that the challenge is not winning the initial conflict, but securing the peace. Our opponents in both conflicts learned that standing and fighting in the open ended in their defeat, but that if they used the terrain, whether in the countryside or in towns and cities, and used hit-and-run tactics and improvised explosive devices, they could fight us effectively, and that insurgency would spread

from province to province and—what we fear most—from country to country. To counter that, we have recognised the need for more mobile forces than we have had in the past—forces that can respond rapidly to ever changing situations. At the heart of meeting that challenge is the availability of more troops and equipment to be put down, often under fire, in difficult situations. Helicopters are only part of the answer to that, and we need large-scale strategic lift to support our forces engaged in ground operations.

Our forces are still reliant on the ageing Hercules, which have been excellent workhorses over many years but are now showing their age. It is becoming increasingly difficult to keep them serviceable for the number of hours that our forces require. Although the C-130J has good tactical performance, it cannot carry outsize loads because its cargo hold is too small. The C-17, which seems to be the transport plane of choice, is a good outsize-load airlifter, but is costly and has limited tactical capability. It is fine if it can land on a proper airfield, but it cannot be used or operated from soft fields—or at least, as someone once advised me, it can land on soft fields, but only once. Not only is our use of leased aircraft expensive, but often they are not available at the time required, and many of the aircraft share the same problems as the C-17.

The decision of the Labour Government—I thank my right hon. and hon. Friends on the Front Bench for this—to commit themselves, confirm and sign up to the Airbus 400M programme was extremely welcome. Derided by its opponents as a paper aircraft that would never take to the air, it has now flown, and by all accounts performed extremely well in its trials. The A400M will be able to carry either the same payload as the stretch C-130J more than twice as far, or double the payload over the same distance. It will be able to operate at high altitude and at high speed and respond to a greater range of mission requirements. Probably most importantly, it can operate from soft and rough fields, and can therefore deliver support to forward positions where it is most needed. To do that, it has advanced protection systems, which compare favourably to the airlifters currently in use. It will be able to carry helicopters and armoured vehicles and—we are currently unable to do this—deliver them directly to where they are needed.

Furthermore, the aircraft will be cost-effective, which we can rarely say about military projects. Compared with the C-130J and C-17 fleets, it will have the highest availability and the lowest life cycle costs. It has been designed and built to meet operational requirements, rather than being modified or shoehorned to meet the task required of it. The export potential of the aircraft is also positive: its rivals are either ageing or unable to meet the full operational requirements; no new aircraft, either in development or on the drawing board, can rival the A400M. It could sell well around the world, and even in the US, although our experience with AirTanker would lead us to believe that the Americans would try to gerrymander any situation to the advantage of Boeing. Our American allies think that it is fine for them to have open access to our markets, but that we should be prevented from competing in theirs. However, that is an argument for another day.

There are those who have always been opposed to UK involvement in the A400M programme, believing instead that we should just buy something off the shelf. The current Secretary of State for Defence has said that on several occasions. Underlying that is the Conservatives' opposition to European co-operation: they really dislike that aspect of the project. That attitude makes no sense on a number of fronts. It makes us totally reliant on the US—we would have no access to the intellectual property—and undermines the UK aerospace industry. It has a direct impact on jobs not only in the military sector but in the civil sector. For Airbus in the UK, the stakes are even higher: the A400M will be the first aircraft to be built with composite wings. In this country we have long prided ourselves in being at the centre of wing excellence, but that will be at risk if we do not take part in the project. Given how Airbus operates, if we pull out of the project the work share would be divided between the remaining partners, and Spain has long made it clear that it would get the chequebook out and be more than willing to take on that work. That would have a direct impact within the civil programme. Rather than our being the natural builder of the wings for future Airbus aircraft—in particular, the replacement for the A3320—we would find ourselves competing with Spain. If we lost that order, the future of Airbus in the United Kingdom could be at stake.

I plead with the Secretary of State and the Minister to think of the future, not just in terms of a military project but in terms of the effect on the whole of the UK aerospace industry, including both direct and indirect employment. The last Government signed up to this project, which has ramifications far wider than military use. I appeal to the present Government to sign up to the project and ensure that it goes ahead, for the future of the United Kingdom.

7.50 pm

Jack Lopresti (Filton and Bradley Stoke) (Con): Thank you, Madam Deputy Speaker, for calling me to contribute to this vital debate.

I am delighted that it is customary for Members to use their maiden speeches to pay tribute to their predecessors. I have the honour to do so twice over, because my wonderful constituency of Filton and Bradley Stoke—known to many as FABS—is a new seat, created from three former seats. Two of the Members who represented those seats are no longer in the House.

Dr Doug Naysmith served Bristol, North-West for 13 years with straightforward honour and distinction. His political foes marked him down as a good and decent man. He was personally kind and—dare I say it—supportive to me whenever we met. I wish him well in his new political career as a member of Bristol city council, and I may yet come to forgive him for defeating my old Avonmouth councillor friend Spud Murphy after a nail-biting four recounts when lots had to be drawn.

Roger Berry, who represented the wards of Kingswood that are now in FABS, is someone with whom I would have had little in common politically, but in the part of my constituency where he was formerly a Member he was well regarded across the political spectrum for his endeavour, his independence, his forthright political opinions, and his work as co-chair of the all-party parliamentary group on disability.

Filton and Bradley Stoke is a fascinating and diverse place. It is the home of the British aerospace industry. Concorde was built at Filton, and today it is still the

[Jack Lopresti]

British home of EADS and Airbus, Rolls-Royce, and a large part of GKN. This year, 2010, marks the centenary of aviation in Bristol. Founder Sir George White, a great entrepreneur and Bristolian who came from humble beginnings, was so proud of his city that he named his company the Bristol Aeroplane Company after it. We are home to the university of the West of England, one of Britain's most successful new universities, and we are fortunate to have the world-famous Frenchay hospital, which is internationally renowned for its work on the treatment of bones and head injuries. Frenchay was sadly downgraded by the last Government, but I will continue to fight for its existence as a community hospital with as many facilities as possible to serve the residents of south Gloucestershire.

My constituency is at the centre of the debate on the strategic defence and security review. At its heart lies the MOD procurement centre at Abbey Wood. EADS makes missiles, and Rolls-Royce contributes to the building of not only the Type 45 destroyer but the engines of the new US strike fighter. Airbus and GKN lead the world in the development of composite wing technology, and Airbus is also engaged in the development of the new and fantastic A400M plane, a transport plane designed to replace the now ageing Hercules. The A400M will have its UK debut in the south-west at the royal international air tattoo in Fairford on 16 July. It will be flown by the aptly named chief test pilot Ed Strongman, who is a Cornishman and a graduate of Bristol university.

At a time of straitened economic circumstances, the development of those projects and the huge costs involved will provide the substance of many ensuing debates on the nature and cost of the country's defences. I hope the new Government will learn one lesson from their predecessors, and will never forget it. We may enter into wars at short notice and with good reason, but we must never do so again without a full understanding of the implications for the lives of our troops whom we place in harm's way. Waging war costs money, but that cost is nothing in comparison with the lives of the men and women involved, and our duty to our service personnel does not stop with a homecoming parade and a few beers in the mess afterwards.

As several of my hon. Friends have already pointed out in their maiden speeches, it is time for this country, and this Government, to take seriously the ongoing issue of the welfare and, in particular, the mental health of so many of our returning heroes. From the comfort of my home in Filton, I cheered nearly as loudly as our troops in Camp Bastion when my right hon. Friend the Prime Minister made his announcement about the doubling of their operational allowances. I know what that sort of practical support means to the troops on the ground. However, it must be accompanied by a real and ongoing commitment to looking after our troops, sometimes for the rest of their lives.

I believe that the one thing that will distinguish this Parliament from many of its recent predecessors is the number of us sitting here today who have served. That includes new hon. Friends from as far afield as South Dorset and Penrith and the Border, as well as many in between. My own military experience is as a serving Territorial Army soldier. I am a Gunner with 266 Commando Battery of the Royal Artillery. As a mobilised reservist, I had the huge honour and privilege to spend a year serving with the mighty men of 29 Commando Regiment, five months of it in Afghanistan on Operation Herrick 9.

As a private soldier, Gunner Lopresti, I spent my tour in Helmand, where I saw at first hand what decisions made in the House of Commons can mean for the men and women on the ground. I worked with the Rifles for a bit of my tour of duty as a member of infantry force protection on the Medical Emergency Response Team, who work in the back of a Chinook helicopter. I watched some awe-inspiring young people fly in and out of danger to pick up and treat casualties, sometimes in the very worst of circumstances and sometimes successfully, sometimes not. I learnt exactly what our future decisions could mean. I also worked alongside a remarkably brave and inspirational soldier, a Lance Bombardier from 29 Commando, whose foot and lower leg were blown off by an improvised explosive device while he was driving a Land Rover with no mine protection in 2006 and who, less than two years later, was back doing a second tour of duty with his regiment as part of 3 Commando Brigade. That was just amazing.

My experience is what will inform my thinking when the debate on the shape of our military future takes place. Our new Prime Minister and my right hon. Friend the Secretary of State for Defence will certainly have the support of this new Member of Parliament if our Government honour their commitment to renew and strengthen the military covenant, but I will also reserve the right to be a critical friend, not only mindful of Britain's place in the world and our international duties and obligations, but conscious above all of our duty properly to equip and care for those who put their lives on the line for our country. This country needs many culture changes; let us ensure that the ongoing welfare of our servicemen is among them.

Making my maiden speech in this place is a truly humbling experience which I assure the House I will never forget, but nor, as we review our defence priorities, will I ever let this place forget the debt that we owe to our service personnel. As the great General George Patton once said, wars may be fought with weapons, but they are won by men.

7.57 pm

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): It is a privilege to follow the hon. Member for Filton and Bradley Stoke (Jack Lopresti). I wish him well in his time in the House, and many years in which to serve his constituents. I also welcome the maiden speeches of the hon. Members for Fylde (Mark Menzies), for Lancaster and Fleetwood (Eric Ollerenshaw), and for Plymouth, Sutton and Devonport (Oliver Colvile).

The hon. Member for Fylde mentioned golf courses in his constituency, which gives me an opportunity, as a proud Ulsterman, to record our delight that Graeme McDowell has won the US Open championship. For British golf and for golf in Northern Ireland, that is something to be greatly welcomed. Our congratulations go to Graeme and, indeed, to his family, who must be very proud of that wonderful achievement.

On a sadder note, I acknowledge the tragic death of the 300th soldier to be killed in Afghanistan. He was a member of 40 Commando. Last week the funeral took place of my constituent Corporal Stephen Walker, who

also served in 40 Commando. He was killed in Sangin in Afghanistan, and our thoughts continue to be with his family at this difficult time.

I welcome the commitment given by the Secretary of State to the tri-service covenant, which I support. I also welcome the fact that many Members have mentioned the welfare of our armed forces personnel. If this review is about anything, it must be about ensuring that the men and women who serve in the armed forces have the best support and resources available, because without them we do not have a military capability. It is important that the covenant be honoured, and that we look at that in the context of the review and seek to ensure that those men and women who serve our country are given the support they deserve.

One key area of concern to me is post-traumatic stress disorder. I know from my own service in Northern Ireland and from comrades and members of the Royal Ulster Constabulary who developed PTSD that this is a major, long-term issue that needs a long-term solution, and that many of the men and women who served in Iraq and Afghanistan developed PTSD after coming home. Indeed, *The Lancet* magazine recently warned of a "tidal wave" of soldiers suffering from mental trauma as a result of the wars in Iraq and Afghanistan. This is a major developing issue.

I know from my constituency work and my work in Northern Ireland that soldiers suffering from PTSD at times do not get the long-term support they need to cope with this very difficult condition. That has real consequences for them. Many of them struggle to find permanent employment after leaving the armed forces, and they can develop major health issues and have marital problems. In effect, PTSD can destroy their lives after service.

I welcome the work undertaken by various charities and veterans organisations, and wish in particular to mention Combat Stress, which has launched a campaign to raise £30 million to improve mental health services for veterans. This work is excellent, but it needs the support of the Government. I hope that, as part of the strategic defence and security review, we will take a long hard look at the impact of PTSD and mental health problems on our veterans and our soldiers, airmen and sailors, and at what we can do to ensure they receive adequate support and care as they seek to live their lives after service.

I also wish to refer the House to an excellent article in yesterday's edition of *The Sunday Telegraph*, which told the story of a former reserve Territorial Army soldier from Northern Ireland who had served as a medic in Iraq. In 2004 he was involved in a major incident, which is outlined in the article. Corporal Paul Gibson—I understand that that is not his real name—is quoted in the article, and speaks of the terrible impact PTSD has had on his life. He pays tribute to the work of Combat Stress and says it effectively saved his life at a time when he was not getting the support and intervention he needed. The article reports that he has lost his job and spends most of his time at home

"enclosed in a world of his own".

He is quoted as saying:

"I'm a totally different person...I don't have any ambitions any more. There's no purpose to my life. I just try to get through the day."

We cannot allow our brave servicemen and women to be left in that kind of situation. We have got to look after them not only while they are in service, but after they leave.

I am aware of several cases in my constituency and in Northern Ireland involving former military personnel who are facing real problems. Their pensions are being reduced—their war pensions and the other benefits they receive are constantly the subject of review. Part of the problem is the medical profession's failure adequately to recognise what PTSD does to the life of an individual. There is an educational issue here that we would do well to examine, in order to see how we can ensure a better understanding among the medical profession of PTSD and its long-term impact on service personnel.

Finally, I agree with the comments made today about our military capability. On resources, I am concerned that an argument is developing that we need a light-end capability at the expense of a diminishing heavy-end capability. I agree with those Members who have warned against complacency. We may well face major wars in the future and be involved in major conflicts, and we will need heavy-end capability as part of our military resources. I hope that that will be understood during the review, and that heavy-end capability will not be diminished because of the need for financial constraints.

Mr Deputy Speaker (Mr Nigel Evans): Order. The conventions associated with maiden speeches now apply. I call Penny Mordaunt.

8.5 pm

Penny Mordaunt (Portsmouth North) (Con): Thank you, Mr Deputy Speaker. Having waited for over a month to speak in a debate, it seems a little strange to call this my maiden speech. Perhaps it could be more aptly described as my spinster speech.

I must thank the Speaker for introducing the new rules that have permitted me to show a little ankle and flirt with participation in the proceedings of the House. As those who know me will testify, keeping quiet for a whole month would have been a great strain, but silent I would have been, for I was determined to speak for the first time in a defence debate.

During my first days as a Member of Parliament it was not at all clear from which set of Benches I would be delivering this speech. In the week following the election, as the fog of uncertainty resolved into strong and stable coalition Government, I had time to reflect that I and colleagues who had to wait past the midnight hour for our results made our first utterances as Members of Parliament on the 70th anniversary of the Norway debate. That momentous occasion in 1940 precipitated the fall of the Chamberlain Administration, caused the King to send for Churchill and the formation of the formal coalition Government.

During that historic debate, the hon. and gallant Member for Portsmouth Sir Roger Keyes rose from his place in full dress uniform with six rows of medals pinned to his chest, and delivered what Harold Nicolson called the most dramatic speech he had ever heard. Sir Roger began:

"I wish to speak for some officers and men of the fighting, sea-going Navy".—[*Official Report*, 7 May 1940; Vol. 360, c. 1125.]

[Penny Mordaunt]

My uniform remains in my wardrobe, and I do not pretend to high drama, but I have come to the Chamber today, and will come again on many other days, to do as Sir Roger did: to speak for the Navy.

First, however, let me make mention of another of Sir Roger's successors. I am speaking today because Sarah McCarthy-Fry is not. This election was, if the House will indulge a topical metaphor, the second match of our personal contest, and so I can really only claim to have levelled the score, although given the size of the current majority I think I can say that I am ahead on goal difference.

In the intervening years, Sarah was very much the super-sub, occupying almost every ministerial job going, including a mere fortnight at the Department for Communities and Local Government. I pay tribute to Sarah's service to our city, and in particular to her fight to keep Portsmouth naval base open and viable. I will continue that campaign, although unlike her I hope not to have to fight my own Government to achieve it.

I am happy to report to the House that Sarah has quickly gained new employment and has taken a job of hard labour—or hard Labour—which might have gathered dust on the average Jobcentre Plus shelves. I am sure that my hon. Friends will join me in wishing her well as campaign manager for the shot at the Labour party leadership of the right hon. Member for Morley and Outwood (Ed Balls). In light of his recent utterances, it must be a great comfort to the right hon. Gentleman that he did not have to look to immigrant labour to do a job that most British people simply would not have touched.

I could have spoken today about any of Portsmouth's manifold attributes: the innovation and ambition across all sectors, the world-famous Pompey spirit so evident at the recent FA cup final, and my pride that my home city has put its trust in me. However, there is one particular issue at the heart of Portsmouth's history and daily life on which I wish to speak today: the Navy service.

I was at primary school in Portsmouth during the Falklands conflict. Britain did not expect to face such an act of territorial expansion, but the Navy was unfaltering in its readiness and commitment to the defence of the British people. That spirit of duty and service made a deep impression on me, even though the Navy had already played a major role in my life before that. Indeed, I am named after HMS Penelope, which was the first cruiser able to do a complete about-turn within her own length—a manoeuvre that I hope never to have to deploy here.

That spirit of service is as strong as ever in the Royal Navy, but although it is understandable that recent debates in the House and the wider media have focused primarily on the Army, the senior service has, as a consequence, often felt under-represented and unappreciated. I am sure that Members on both sides of the House recognise the contribution that the Navy makes to our way of life, to our ability to trade, to hydrographical and meteorological services, to tackling crime and to providing help in times of crisis. However, the breadth of its role should not detract from the depth of its contribution to the defence of the realm: continuous at-sea deterrence, delivery of commando force and air assets and mine counter-measures are but a few of its roles.

In the review, we must not be sea-blind. We face very tough challenges and calls for immediate cuts. To see the scale of the challenge, one has to look just at the disparity between what the last strategic defence review suggested for the Navy and the current number of ships in service or planned to be in service. For example, the last review recommended 12 destroyers, but we are building only six. To close the gap between need and affordability and to preserve the development and maintenance capability that we want in our bases and dockyards, we need a planned but flexible approach to procurement. The review must listen to the drum beat of production in those UK yards and must seize every opportunity to strengthen UK exports.

We need to take a longer-term approach to our ordering of ships and we need to end wasteful delay to production schedules. As the Secretary of State pointed out earlier, the decision to slow the rate of the Queen Elizabeth class carriers in 2009 increased overall costs by £600 million. Having seen the carriers being built last Friday, I can report that they are already at an advanced stage and that they have gone beyond the first cut of steel. Lessons should be learned from the carriers and the Type 45s. We could have laid down nine destroyers one after the other, thereby supplying the Navy with what it needed when it needed it, allowing the yard to maximise returns on its investment and ensuring the defence budget was sustainable. Of the six we are building, the last will be ready for sea trials in January 2013. Small orders built at lightning speed short-change the Navy and the yard and place stress on the defence budget.

The Type 26 presents an opportunity to act upon those experiences. Consideration should be given to the timing and specification. If they are to be built, let us ensure that other navies will want them too. After all, if they are good enough for the Royal Navy, they are good enough for any navy. If we achieve that, it will be a dreadnought moment in UK procurement. We have not sold a new Navy-designed ship abroad since the 1970s, but it is achievable. Britain is already selling standard kit to the US navy. Innovative Rolls-Royce gas turbines will power the DDG-1000 and are already powering the USS Freedom. We must focus on trade deals where they are viable and strategically advantageous. I am sure that there will be disagreement about my views, but I will not falter in making this argument, and I point out to my critics that HMS Penelope latterly became known as HMS Pepperpot because of her ability to endure massive amounts of shelling and remain afloat and able to return fire. I thank hon. Members for listening to my arguments and I shall end as Sir Roger did, by quoting Lord Nelson, whose words are as relevant now as ever:

"The boldest measures are the safest."

8.13 pm

Eric Joyce (Falkirk) (Lab): I listened with great interest to the speech of the hon. Member for Portsmouth North (Penny Mordaunt). She certainly advanced a sophisticated argument for the interests of the Navy and she should be congratulated on listening so carefully to her predecessor, Sir Roger. However, I am not sure about all of that knights on chargers stuff—I am always a bit sceptical about all that. I thought she was a bit scary. It was nice that she referred to my colleague and her predecessor, Sarah McCarthy-Fry. I know that everyone

who serves a constituency with a big military naval or air force interest must largely follow that trend, but I think that the world we are in leads us to leave that behind. Today's debate leads us to reflect on the fact that many people, including Opposition Members, have to consider not only their constituents' interests but the fact that we are in a complex and difficult time financially and that we have to look to defend the realm in ways that leave sectional interests behind. However, I thought that the hon. Lady's speech was super. I can imagine her on a horse, but I am trying to stay legal here. It was a tremendous speech. There have been a number of really good opening speeches tonight. I have probably said enough about that, except I must say that I thought her comments about her predecessor were a bit acerbic.

I want to address two issues in the brief time available to me, starting with a quick word about Trident. My personal perspective is that Opposition Front Benchers are slightly constrained by the fact that we were in government until quite recently, so we cannot really put a proper Opposition perspective on things at the moment. That is simply the way it is. I am not being critical of Labour Front Benchers, who are all very good and who excelled as Defence Ministers. It is just the way things are: things change, we are now in opposition, and I think that our profile will change in some ways too.

It is bizarre to argue that we voted Trident through in 2007, so now it should be fine, which is essentially the Secretary of State's position. There are many things that we voted for in 2007, 2008, 2009 and 2010 on which the position will have changed, because, as I understand it, this Government have a different prospectus from the previous Government. The idea that Labour had that as a policy when in government and should therefore follow that line is not really an argument at all. The fact is that both the Conservatives and Labour are afraid of Trident as a truly political issue, and this is not really a defence issue, but a political issue. The Conservatives are afraid—some Back Benchers are afraid—because it looks as though we are yielding something to the French or yielding some international prestige. Labour is, to some degree, afraid, because it looks as though we are going back to the 1980s.

The Secretary of State said something quite prescient in his opening speech—that we must not have a view that is essentially the view of that a generation ago. There are Members on the Government Benches who know much more about this than I do, but that is a classic position on defence policy—that we must not look to the past few campaigns to work out what to do in future. However, that is exactly what we are doing with Trident.

I have with me a whole bunch of cheap quotes—I could not help noticing that the Minister for the Armed Forces glanced up at me then—but I am not going to use them. I just am not cheap enough. I cannot; I am not going to do it. The Minister has advanced many intelligent arguments, but now he is in government he cannot do that, so he must be very frustrated. There was a piece in *The Guardian* today by Baroness Williams from the other place. I do not know whether the Minister put her up to it, but it was preposterous, saying that we should perhaps reduce from four boats to three. Conservative Members might say, "Hang on—that was kind of hinted at from your perspective six months ago", but it is ridiculous and absolutely mad. People at the Ministry of Defence probably spent 15, 20 or 25 years thinking what our policy on replacing Polaris should be. They did not just say, "Is it four, or is it three?" Hon. Members can imagine a guy turning up at the MOD with a very large lorry, going upstairs to the fifth or sixth storey and saying to the Secretary of State, "Here are your boats mate; here are your Tridents," and the Secretary of State saying, "Right, let's have one up there in Scotland, one doing training or something and one out at sea." Can hon. Members imagine the chap saying, "Well, you've got another one—a fourth one," and the Secretary of State replying, "There's a fourth! I didn't know about that. Can you stick it up in Hertfordshire and cover it with foliage and twigs, and we'll chat about it in a couple of years' time"?

Dr Julian Lewis: I am fascinated by this point about the number of submarines required. Is the hon. Gentleman aware that the plan was originally to have five Polaris submarines and that the number was reduced to four by the incoming Labour Government to give them an excuse to say that they were doing something different from the previous Conservative Government? I sometimes get the impression that some of my now allies are trying to make the same sort of suggestion about changing the number from four to three for a similar reason.

Eric Joyce: I enjoy giving way to the hon. Gentleman. He made an excellent speech earlier, and I will come to him in a moment; the second part of my speech is on Afghanistan.

Although I may not be qualified to say this, the position of successive Governments on Trident is incoherent militarily; it is political argument. Frankly, the idea that someone can simply pop up in an article in *The Guardian* or as part of the Government and say, "Let's knock it from four down to three" is completely mad. Therefore, this turns on a geopolitical argument, which we can discuss, but—guess what?—if it is excluded from a defence review or, indeed, to be fair, a shadow defence review, we cannot discuss it. We simply say, "That's not going to cut the mustard, so we'll just leave it out. It's a bit embarrassing, so just push it out." That is like suggesting that we should exclude Trident when considering how much we spend on defence each year, or not saying that we spend 2.3% of our gross domestic product on defence, but, for those reasons, we should not do that.

Trident is not really a military question at all; it is a geopolitical question and one for the Prime Minister. I sometimes think that it is rather odd that we even discuss it in defence debates. It is most peculiar that Trident is excluded, and perhaps any defence review with proper integrity would include it. Such a review may conclude that we need Trident or its successor, that we need something different or that we need nothing, but leaving it out is simply an admission that we cannot stack up the argument.

In my last two minutes and four seconds, I shall zoom on to Afghanistan. The same problem exists, because we have an interim situation in the Opposition. The hon. Member for New Forest East (Dr Lewis) has ideas that are worth fleshing out. We cannot properly oppose the position at the moment, because politics is as it is. I listened to the hon. Member for Beckenham (Bob Stewart) and other Members with very great interest. My instinct is that Government Back Benchers have considerable experience, which creates a sense of not disloyalty but

[Eric Joyce]

ambivalence, with a generation of different ideas that are not classically conservative but are creative and imaginative. That is not to say that one agrees with them, but a lot more of that is going on among Government Members than can happen among Opposition Members. The difficulty is where we are at the moment politically. That will change at the end of the year, but defence debates can be decidedly dull for correspondents in other places, because we tend to agree, which is a bit boring, is it not? However, quite interesting stuff is going on among Government Back Benchers, and Opposition Back Benchers are a little constrained at the moment.

Crucial though issues such as jobs are, I should like to think that future debates in the House would not simply revolve around constituency sectional interests and manufacturing. Our debates need to be about something rather more than that; they need to be much more about the future of foreign and defence policy, what we need to do in this country, whether we pay too much obeisance to the United States and whether we get back in return what we give in geopolitical influence. Those are the key issues that we should be considering, and some of them have been broached tonight.

8.23 pm

Sheryll Murray (South East Cornwall) (Con): I am grateful to catch your eye, Mr Deputy Speaker, and I congratulate all the hon. Members who have made their maiden speeches tonight.

My constituency of South East Cornwall was known as the Bodmin constituency until 1983. It is an honour to follow my predecessor, Colin Breed, who was a dedicated campaigner on behalf of those who work in the defence industry until his retirement from the House this year and who was well respected throughout the constituency. I should also like to pay tribute to Sir Robert Hicks. Held in high esteem by so many and first elected as MP for Bodmin in 1970, he spoke up for Devonport naval base and dockyard throughout his political career until 1997.

It is ironic that another former MP for Bodmin, John Rathbone, was killed while defending our nation in December 1940 during the battle of Britain and was succeeded by his wife, Beatrice, the first female MP for Bodmin who was elected unopposed in 1941. As Beatrice Wright, she became vice-president of the Royal National Institute for Deaf People and founded Hearing Dogs for Deaf People.

South East Cornwall is a mainly rural constituency, bounded by the River Fowey in the west and the Tamar in the east. It is economically reliant on farming, tourism and small enterprise. It is a truly beautiful part of the county, with hill farms on the border of Bodmin moor and lush market gardens in the Tamar valley, the beautiful Rame peninsula, where I am fortunate to have my home, and a coastline and beaches that attract thousands of holidaymakers. I would welcome any hon. Member to come and have a holiday in South East Cornwall, because I know that they would be made to feel welcome.

Six small towns form the main areas of population throughout the constituency. At Lostwithiel in the west, the Stannary palace is reputed to be the oldest non-ecclesiastical building in Cornwall. The market town of Liskeard was home to the former Caradon district council and is where the fortnightly cattle market provides an opportunity for farmers and rural villagers to come together. The coastal town of Looe, along with the neighbouring villages of Polperro and Polruan, provides superb tourism locations, while the much depleted commercial fishing industry is just about withstanding the devastating hardship heaped upon it through the present economic situation, the European common fisheries policy and the disastrous way in which the last Administration mishandled the quota management system for the small under 10 metre fishing fleet—believe me, I know, because I am married to a fisherman.

In the north of the constituency, Callington is home to Ginsters—the largest enterprise in the constituency—and the town also boasts the first school in Cornwall to gain foundation status.

Saltash and Torpoint on the eastern bank of the Tamar rely on the neighbouring city of Plymouth for much employment. Devonport dockyard and naval base generate around £850 million per year for the immediate local economy and are responsible, directly and indirectly, for 24,000 jobs. A large number of the Devonport work force live in South East Cornwall and, without that, Torpoint and Saltash could become ghost towns.

I am delighted to welcome my right hon. Friend as the new Secretary of State for Defence, although he is not sitting in his place at the moment, and I welcome my colleague, the Minister for the Armed Forces.

The news that the Trident replacement will not be included in the forthcoming strategic defence and security review is welcome. The nuclear deterrent is necessary to deter the most destructive forms of aggression. I believe that the most cost-effective way to deliver a future maintenance programme for the continuous at-sea deterrent will be to use the refit facilities already in place at Devonport dockyard, and I hope that my right hon. Friends agree.

HMS Raleigh—the Royal Navy's premier training establishment in the south-west and a real part of the community, where all ratings join the service and receive the first phase of their naval training—is located in South East Cornwall and has considerable influence on the town of Torpoint, as well as the Rame peninsula. Four new accommodation blocks, built as part of the major upgrade of facilities, have recently been unveiled. They are named Antelope, Ardent, Sir Galahad and Conqueror to commemorate four ships that played a part in the Falklands campaign.

I have a specific interest in the Navy because my daughter is a serving Royal Navy officer. I have gained first-hand knowledge of the various ways in which our senior service operates in many roles around the globe. The Royal Navy is flexible, resilient and capable, providing Government with a range of options to deal with threats and challenges facing the UK and her allies. The varied tasks undertaken include: providing support for the Department for International Development; supporting the Home Office in protecting the territorial integrity of our home waters; providing fishery protection in English, Welsh and Northern Irish waters; and supporting the Cabinet Office in co-ordinating UK maritime surveillance information.

The UK has been the world's most successful defence exporter over the past 10 years, and the naval sector earns around £3 billion of revenue per year. Flag-officer

sea training is based in Plymouth. Over 100 ships and submarines from the Royal Navy and the navies of NATO and allied nations benefit from FOST's training expertise each year. I hope that the strategic defence review will recognise the return that could be generated from any investment in the Royal Navy, which offers variety and flexibility in the way in which it operates. I hope that my colleagues on the Government Front Bench appreciate that Devonport's dockyard and naval base provide South East Cornwall and, indeed, the city of Plymouth with a huge amount of benefits. I urge my right hon. Friend the Secretary of State to keep funding in South East Cornwall, and to use the wealth of expertise that we have in our area.

8.30 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): May I first congratulate all Members on both sides of the House on their superb maiden speeches? We have heard some excellent contributions, including from the hon. Member for South East Cornwall (Sheryll Murray)—I am sure that the House wishes her daughter all the best in her career—and the hon. Members for Portsmouth North (Penny Mordaunt), for Filton and Bradley Stoke (Jack Lopresti), and for Plymouth, Sutton and Devonport (Oliver Colvile).

This has been an excellent debate because of the cross-party consensus about the need for a rational, thoughtful defence review. I think that we Labour Members can all recognise that there are areas of waste that we can look to cut. I am sure that my hon. Friend the Member for North Durham (Mr Jones) will be happy to supply the Government Front Benchers with a list of projects and areas of expense that they can cut to begin with.

I hope that the Minister for the Armed Forces will give answers on some pressing issues that my constituents—and, from the sound of it, constituents of Members on both sides of the House—have about the future of our two new aircraft carriers. It might be helpful if I gave a flavour of the size and scale of the two new super-carriers, and their importance to the Royal Navy. Each is 65,000 tonnes at full displacement. They are three times bigger than anything that the Royal Navy has ever built or used, going back 500 years. Each will have 1,600 personnel and 40 aircraft on board, and have a range of up to 10,000 nautical miles. They are absolutely crucial to our future force projection and to the expeditionary role that our armed forces will play. It is perhaps also worth reflecting on the fact that there are 10,000 British highly skilled, highly prized manufacturing jobs at stake.

Mark Menzies *indicated assent.*

Thomas Docherty: I note that the hon. Member for Fylde (Mark Menzies) is nodding away; he will know, as will Members on both sides of the House, how crucial such jobs are.

Perhaps it is worth reflecting on why we need these two new super-carriers. It was clear from the last strategic defence review, carried out in 1998 by the then Secretary of State, that the existing carrier fleet was from the cold war era. It was built around the idea of anti-submarine warfare. That threat has thankfully receded, and we will face new types of threat. It is not plausible simply to rely on the good will and good nature of foreign powers in letting us use their territories for conducting expeditionary operations. That is why we need the force projection that only the carriers can provide. It took five years to set up the aircraft carrier alliance, which has developed the project. That is important, because when discussing something in the region of £4 billion-worth of expenditure, people tend not to rush into things, and I hope that Members in all parts of the House accept that the previous Government made sure not only that there was a good deal for British industry but that, crucially, there was a good deal for the British taxpayer. That is why it took so long for the project to come to fruition. I note the comments about the bow sections, which have now been completed for the first of the two aircraft carriers and have arrived in my constituency for assembly.

Many Members, however, are rightly concerned about the comments about the second aircraft carrier, HMS Prince of Wales, which is due to roll into the Forth in 2017-18. I should be grateful if the Minister tried to answer four or five questions. First, when will the formal period of consultation on the defence review begin? There is great anticipation, both in the House and across the country, and we want some certainty. Secondly, how long will that formal consultation last and will he, as the previous Government did in its SDR, make sure that interested organisations—I am thinking of trade unions, the defence industry, local authorities, the Scottish and Welsh Governments—have an opportunity to make some input into the SDR?

Will the Minister also clarify what weighting the Government will give, not just to military need, which should be paramount, but—and we have heard some good contributions on this—the vital role that the contract will play as a platform for our defence industry to export ideas, technology and skills to other countries? There has been some speculation—and the Minister may wish to shed light on this—about whether or not a foreign country has expressed interest in buying an aircraft carrier, using the skills and expertise that British companies have developed. Finally, will he explain what weighting will be given to the socio-economic role played by the aircraft carriers? As I have said, 10,000 jobs depend on the contracts going ahead, and there is trepidation among Opposition Members, who fear that if the Secretary of State for Business, Innovation and Skills gets his way, and the second carrier is delayed, mothballed or downgraded, those jobs will be in danger.

Will the Minister explain whether, as part of the overall defence review, the future of the Fleet Air Arm will be considered? Without wishing to prejudice the argument, many people would suggest, given that the two carriers will use the joint strike fighter with the Royal Air Force, that the time has come to have a thorough review of whether the Fleet Air Arm should become part of the RAF. I should be grateful if he outlined his thoughts on that. Finally, this has been an excellent debate, and I should like to conclude by wishing the Minister well in his role, and assuring the House that the Opposition will give our full support to a thorough, thoughtful and long-term defence review.

8.38 pm

Karen Lumley (Redditch) (Con): First, Mr Deputy Speaker, may I congratulate you on your new role? We have known each other for more years than I care to

[Karen Lumley]

remember—[HON. MEMBERS: "Oh!"] To put that in context, I helped Nigel in his first ever by-election in Ribble Valley many years ago. I do not remember exactly when, but it seems a long time ago.

I am grateful, Mr Deputy Speaker for the opportunity to give my maiden speech in this great debate. I welcome the review, and very much look forward to discussing the issue with my constituents and to making my submission. I pay tribute to the courage and determination of all our armed forces fighting on the front line in Afghanistan. I would especially like to pay tribute to those in the Mercian Regiment, some of whom are from my constituency, and want to give a special mention to a brave soldier from Redditch whose funeral I attended last year—a lance corporal from the Parachute Regiment.

It is an honour to be the first elected Member of Parliament for the new constituency of Redditch county. Although I was unsuccessful, I fought the old Redditch seat twice before. The new seat of Redditch county includes the rural areas of the Lenches and Hanbury, whose church, legend has it, features in the radio show, "The Archers". They are very beautiful parts of the county of Worcestershire and I am honoured to represent them. These parts of the new seat were, until this election, represented by my good friend, and hon. Friend, the Member for Mid Worcestershire (Peter Luff), who has helped and supported me through my whole time in Redditch.

I would like to pay tribute to my immediate predecessor, the right hon. Jacqui Smith, who was this country's first woman Home Secretary. Jacqui was renowned in Redditch for being a great constituency MP and in that I certainly have a hard act to follow. Jacqui Smith and I have three things in common. We are both mothers with two children, we both have sisters called Sarah, and we both have husbands called Richard. But I think we will leave that one there. I wish her well in whatever she now chooses to pursue.

Other former Members of Parliament to represent parts of Redditch include the late Eric Forth and Hal Miller, who both had highly distinguished careers.

Redditch is a new town and was designated so in 1964, the year I was born. Back then it had a population of some 29,000 and included lovely areas such as Headless Cross and Webheath. It has grown significantly since then, and the new constituency has some 66,000 voters and includes the lovely villages of Cookhill, Feckenham, Inkberrow, Hanbury, Stock and Bradley Green, Abbots Morton and the Lenches. For those who listen to "The Archers", it is believed that Inkberrow is the model for Ambridge, so I invite all right hon. and hon. Members to come to Inkberrow for a drink in the Old Bull, which is delightful.

Redditch county is a mixture of rural and urban communities and in that there are many challenges to face. The town of Redditch has suffered the loss of many manufacturing jobs over the years, especially with the demise of the car industry. However, in their place, there are many small and medium-sized businesses that will be looking to us to try to build the economy and ensure direct investment into our country and into Redditch. One of those companies hoping for a push in the right direction is Mettis Aerospace, a company that provides components to the aerospace industry and employs hundreds of Redditch residents. I am sure the Secretary of State remembers visiting that successful company with me a few years ago.

As well as the larger employers in Redditch, we cannot forget the many smaller companies that I have visited over the years. I have been extremely impressed by their dedication, business know-how and commitment to their staff.

I hope that Members here today will take the time to visit Redditch, especially the site of Bordesley abbey, where the 12th century monks set up home, as well as the Forge Mill museum, which tracks the development of industry in Redditch through needle-making and the manufacture of fishing hooks. I am happy to say, and I know my constituents will be delighted to hear, that in 2012 Redditch will have a brand-new swimming pool, courtesy of the Conservative-controlled council, to complement a wonderful theatre that has been lovingly refurbished.

There are many fine schools in Redditch. I firmly believe in the best education that we can provide. Both my children were educated in the state system and received a great education at St Augustine's high school in Redditch. I am very proud to be chairman of governors at Vaynor first school, which is one of the largest first schools in the UK. For those Members who do not know, Worcestershire is one of the lowest funded authorities in the country, and I promise to make it my mission to address that while I am a Member of Parliament.

I would like to finish by saying that I am so proud to be here, standing up for the people of Redditch county, and fighting on their behalf. It has taken me 10 years, but it has been worth it. I hope that I am able to make a difference to their lives and repay the trust that they have put in me. Thank you, Mr Deputy Speaker, for giving me the opportunity to make my maiden speech today.

8.43 pm

Chris Evans (Islwyn) (Lab/Co-op): I congratulate the hon. Member for Redditch (Karen Lumley) on a wonderful maiden speech. I gave mine a couple of weeks ago, and I know that making the speech is not as trying as the nerves while waiting to make it. The hon. Lady makes Redditch sound idyllic, and if I have the chance I will visit it one day.

As one Welshman to another, I welcome you to your place, Mr. Deputy Speaker. As you said to me once, we Evanses must stick together.

I would like to pay my own tribute to all the men and women who serve in our armed forces. Our hearts go out on this sad day to all those who have lost loved one. Their bravery and courage is truly remarkable, and their dedication both to their duty and to our country demonstrates why they are rightly described as the finest force in the world. We should all be very proud of them and deeply grateful for all they do to protect our country. Joining the forces is not like joining Barclays or Tesco. We ask those brave men and women to put their lives on the line for our security, and in return we must honour their commitment. Therefore, the guiding principle of the strategic defence and security review must be the safety of our armed forces.

We all know very well that the troops who are in greatest danger today are those serving in Afghanistan. Our security here in Britain is directly affected by what

happens in Afghanistan. If we are to prevent terrorism on our streets here at home, we must see our job in Afghanistan through to its conclusion. The Secretary of State said recently, in a speech at the Royal United Services Institute, that our people in Afghanistan will get the best possible support. For me, the best possible support for our forces is to provide them with the best possible equipment.

Our forces in Afghanistan are continually exposed to the threat of attack from Taliban forces, using improvised explosive devices. The Prime Minister's announcement on his recent visit to Afghanistan of extra spending on armoured vehicles and other specialised equipment that will protect British forces in Afghanistan from those devices is certainly welcome. In one of their last acts, the Labour Government awarded the contract for the new generation of armoured fighting vehicles to General Dynamics for its ASCOD specialist vehicle. I well remember being at its site in Newbridge in March to hear employees greet the announcement with cheers and a sense of relief.

Once in service, these new specialist vehicles will bring significant benefits for our troops serving in places such as Afghanistan, including improved protection, greater fire power, longer-range sensors and sighting systems, and greater reliability. During its testing, the vehicle withstood attacks from the latest mine threats, and it also allows additional protection to be fitted as new threats arise. This affords the maximum protection to our troops inside the vehicle and will, without doubt, save the lives of members of our armed forces.

Warfare of the type currently encountered in Afghanistan requires vehicles that can protect our soldiers from all kinds of attack. Protection is now the essence of modern warfare, and the new specialist vehicle will deliver exceptional levels of protection for British troops from the day it enters service. The era of the cold war is now long in the past, thank God, and it seems increasingly likely that the conflicts of the future will involve fighting of the type seen in Afghanistan. We must now focus on equipping our forces properly for such of conflicts, and I hope that this review will focus on how best to achieve that. Therefore, I urge the Government to protect this vital project.

In addition to the military case for maintaining the contract with General Dynamics, there is also an economic case for continuing the contract. Eight regions of the UK are set to benefit in terms of employment as a result of General Dynamics being awarded the specialist vehicle contract. In addition, supply chain jobs fall across the country, as key suppliers are located in Scotland, the north of England, the north-west, the east midlands and the south of England, as well as in Wales and the west midlands. Across the UK, this will mean that 10,500 jobs will be created or safeguarded for British-based companies and organisations.

In Wales, we expect at least 200 new jobs to be created and 250 more to be protected, many of which are based in my constituency of Islwyn. When the Oakdale colliery closed in 1989 with the loss of hundreds of jobs, the future for the local economy looked bleak. However, now in place of the pits is a business park where General Dynamics employs hundreds of highly skilled engineers who will, we hope, soon be working on another of the Government's most important defence contracts. Providing jobs for such a large number of people across our country, at a time when many fear unemployment, would be a great boost for many local economies and will help us to secure the recovery. Creating and protecting those jobs right across the country will also safeguard key skills and sustain future capabilities for armoured fighting vehicle development and production in the UK. That will ensure that the British tank building industry is maintained, which can only be good for jobs, for industry and for the economy.

I caution the Government against going back on deals that have already been signed. If international companies are given the runaround by the Government they may decide to pack up and leave, which would be a huge blow to the economy, both locally and nationally. Therefore, I urge the Secretary of State and his colleagues to ensure that this vital piece of kit for our soldiers on the ground in Afghanistan is delivered as soon as possible, both to protect our troops and to protect our jobs. The consequences of cutting that project would be disastrous for our armed forces and our economy. I ask the Government to guarantee today that the project will not be cut, and to assure me that our soldiers' safety and our economic recovery will not be endangered in the name of reducing the deficit. Our troops are brave, and I sincerely hope that the review will ensure that in the years to come they will be able to do their job in the best possible way. They are the best, and they deserve the very best from the Government. Anything less will be a betrayal of their commitment.

8.50 pm

Mr Steve Brine (Winchester) (Con): Congratulations to you, Mr Deputy Speaker, on your elevation. I am grateful to you for allowing me to speak in this debate. Today is my wedding anniversary, and I hope that making my maiden speech in this place is just about a good enough reason for not wining and dining Mrs Brine this evening. I pay tribute to colleagues from all parts of the House for their good speeches in a very good debate, and to colleagues who have made their maiden speeches—probably far better ones than this. There can be few debates of more significance right now, and I congratulate my right hon. Friend the Defence Secretary on his new position and pay tribute to him for the strong lead that he gave the House in opening today's debate.

I have the great honour of rising to address the House as the Member for Winchester. The area first returned Members to Parliament only in 1295. Modern day Winchester has undergone significant boundary changes since the 2005 general election, yet it remains focused on the great city of Winchester itself. I also represent, and am pleased to do so, the charming market town of Alresford in the north, famed for its watercress beds and steam railway, the pretty villages of the Itchen valley, including my own village of Easton, the stunning Hampshire downlands of Wonston and Micheldever, and as far south as Colden Common and Twyford.

I also represent four wards of the borough of Eastleigh, across Chandler's Ford and Hiltingbury. It is often said to me that at each election the people of Chandler's Ford and Hiltingbury look very carefully to see where they are going to be asked to vote this time, so often have they been moved around, so I ask the Boundary Commission, if it looks at Hampshire again, to leave the good people of Chandler's Ford and Hiltingbury in peace just this once.

[Mr Steve Brine]

Those major changes mean that I take over from one current Member and two former Members: the Secretary of State for Energy and Climate Change, the right hon. Member for Eastleigh (Chris Huhne), Sandra Gidley and Mark Oaten—who vacated the major part of the new Winchester constituency. It is no secret that my predecessor left the House in difficult circumstances, but I pay tribute to Mark for his work over 13 years as the Member for Winchester, and I thank him genuinely for being a gentleman and a consummate professional in his dealings with me when I was a candidate. I count Mark today as a friend. I know how very well respected he was in the constituency and in the House, and I wish him and his family every success for the future.

Members will be aware that Winchester is an ancient place. Once, during Saxon times, it was the capital of England, and we shall be happy to take that status back at any time. The cathedral is still at the heart of life in our city, and the Bishop of Winchester is one of just 26 Church of England bishops to sit in the other place during their time in office. We have the second oldest mayoralty in the land, but our main newspaper, the *Hampshire Chronicle*, is a relatively new boy, having been established only in 1772.

We do history well in Winchester. King Arthur's legendary round table hangs in the great hall, we have England's oldest and most perfect almshouse at St Cross, and we have King Alfred—Alfred the Great. The great man is far from forgotten by today's residents. He keeps watch over the city from his vantage point on the Broadway, and he is served magnificently today by the Hyde900 project.

Today, Winchester is a vibrant, bustling and cosmopolitan city that boasts one of the largest sixth forms in the country at Peter Symonds college, the self-confident university of Winchester and, quite literally, schools to move for. As the county town of Hampshire, we host the headquarters of Hampshire county council, HMP Winchester and the headquarters of Hampshire constabulary.

My constituency has a proud military tradition, and I look forward to making my voice heard in the House on defence matters. The city has no fewer than five military museums, including the Royal Hampshire Regiment museum. The Royal Hampshire, now the Princess of Wales's Royal Regiment, is based in Winchester and counts a Brine, my grandfather, as part of its proud history. The city will be very much focused on the brave men and women of 11 Light Brigade on Wednesday this week, when we host the royal welcome home parade from Afghanistan. I will be there, of course, as will several Front-Bench Members. I assure the House that we will give the brigade the best Hampshire welcome home.

In my constituency we are proud of our military history, but it is not all about museums, and it must never be. The Army is still firmly in my constituency at Worthy Down camp, which is still—for now, at least—the home of the Adjutant General's Corps. My constituency also includes the Army training regiment, whose future I am keen to secure as contracts are considered and reviewed for initial support and logistics training.

The strategic defence and security review is a marked opportunity for our nation to re-engage not only this House—we have certainly done that this afternoon—but the wider public in the invaluable work done by our armed forces to secure our national security. While I am in this House, I intend to be a clear and persistent voice in favour of ensuring that the new Government honour their promise, as I know they will, to repair the military covenant for the sake of our men and women in the field, as well as the families back home living in places such as Worthy Down camp in my constituency.

The national health service is one of the factors that drove me into the House. At present, my constituents are well served by a much loved district general hospital in Winchester—it was home to much of the good work of Florence Nightingale in her early days—and by large general hospitals in nearby Basingstoke and Southampton. During my time as a candidate, including during the election, I campaigned vigorously and clearly to maintain services, most especially A and E and maternity services in Winchester. I believe that I was elected with a clear mandate to see that that happens. The issues affecting the future of district general hospitals such as Winchester's will be at the heart of the health debate in this Parliament, and I promise the House that I will argue passionately for their place in a modern NHS.

Already the people whom I represent have felt the new Government's presence. The removal of regional strategies and top-down housing targets has been warmly welcomed in Winchester and Chandler's Ford. The tireless campaigners of the Save Barton Farm group and many others in my constituency are among those who warmly welcome their abolition. I pay tribute to the work of those campaigners to protect Winchester and surrounding areas from gross overdevelopment.

This is probably a cliché, but it is no less true for that: I am the first member of my immediate family to go to university, and many are proud of that. As I said, my family includes a brave man of the Royal Hampshire Regiment, one of the original Tolpuddle martyrs—according to family legend—and now the Conservative MP for Winchester. Brinism, if there is ever such a word, is a very big tent indeed.

8.57 pm

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): I congratulate the hon. Member for Winchester (Mr Brine), who took us on an enchanting tour of his constituency and touched on some serious issues; I am sure he will represent his constituents excellently.

Defence spending and investment is of particular importance to my constituency, which is potentially under attack on two fronts by more than one party in the Chamber. Faslane naval base, the home of Trident, sits just outside the western end of my constituency and the Clyde shipyards working on the aircraft carriers sit just outside the eastern end. Disappointingly, the new Government have not committed to backing the new aircraft carrier projects and, frankly, have not given good enough answers today about the replacement of Trident.

At the same time, the Scottish National party Government would, if they could, try to remove Trident from Faslane, and as a consequence would run down the base there. Multilateral disarmament is a noble aim that I support, but it would be foolhardy, to say the least, to get rid of our nuclear deterrent when other countries will not. Negotiation is the best way forward.

[Interruption.] The Secretary of State is now in his place. I thank him for his letter to me and a few other Members last week, which came with a glossy booklet that seems to have been commissioned since his appointment. In his letter, he writes:

"The importance of defence within constituencies, but also across the country as a whole, warrants far greater attention from us all."

I agree, and I echo those sentiments. But to give some meaning to the words, will he commit to including an assessment of the economic impact on constituencies of any decisions made as a result of the review?

The new Chancellor may be looking to the defence budget to save billions of pounds, but does he have any idea of the economic impact and financial cost to my constituents if he gets his way on defence cuts?

Alison Seabeck: Does my hon. Friend agree that there is some confusion on the Government Benches, given that the Business Secretary is clearly of the view that it is really important to keep manufacturing in the UK going, yet some of the changes that might come about could have completely the opposite effect?

Gemma Doyle: Yes, I do agree. I share those concerns, as will my hon. Friend the Member for Barrow and Furness (John Woodcock).

My constituents watched the demise of their world-class shipbuilding industry under the previous Conservative Government, and I can tell the House that that might have something to do with that party's share of the vote in West Dunbartonshire even today. It has taken not years but decades to try to recover from the devastation caused by the decisions and inaction of the previous Conservative Government. We are only now in the middle of regeneration works on the former site of John Brown's shipyard. As such, Members will understand my concerns, which arise not only from the prospect of cuts to the defence budget but the further damage that is likely to be done to my constituency because of this Government's desire to cut public spending at the expense of vital services.

The Secretary of State should note that some 6,000 jobs in Scotland are dependent on the aircraft carriers alone, along with, I believe, another 4,000 jobs in other parts of the UK. Any slippage in the project could cost jobs and skills, and I urge him to give some reassurance to these workers that their jobs are safe. I mentioned that Faslane naval base is at the other end of my constituency, just outside it. Some 7,000 jobs are based there, and given that the entire submarine fleet of the Royal Navy will be based there in future, I understand that that figure will increase.

There has recently been much gnashing of teeth in the press by SNP Members concerned about the impact of cuts on defence projects and jobs in Scotland. They should stop their crocodile tears, however, because under their plans for an independent Scotland, all UK defence contracts and jobs would be lost. They advocate the scrapping of Trident and, according to reports, would be happy to see Faslane run down to become a small facility. What it would be doing in an independent Scotland I am not quite sure, but perhaps this shows that they agree with the sentiment once expressed on the Conservative Benches that unemployment is a price worth paying.

On that note, I should mention that many of my constituents work at the MOD personnel centre in Kentigern house in Glasgow. I imagine that it will be tempting to target cuts at so-called backroom staff. The Secretary of State should know, however, that the previous Government had already reduced the number of MOD civil servants by a third to maintain investment in the front line, and he should be cautious of further reducing back-up services to front-line staff.

I draw the Secretary of State's attention to an excellent article in today's *Financial Times* by Professor Alison Wolf, in which she argues:

"Defence R&D matters to Britain's manufacturing future because it offers able graduates the incentive to work as engineers and scientists rather than as bankers or analysts."

That is an important point that those of us who support Britain's manufacturing industries should bear in mind. Under the previous Government, the strategic review would have examined what our modern defence needs are and how we can best meet them. I am afraid that this Government will not follow our lead and will instead use the strategic review as a smokescreen for cuts.

Yesterday I attended a service to celebrate Armed Forces day in Clydebank town hall. As this is the first time I have spoken in this place on defence, I would like to put on the record my gratitude to our armed forces, although my words hardly seem adequate. We now have an entire new generation of men and women who have seen active battle, many of whom are from my generation. They are heroic men and women who serve their country with such skill and bravery. Their job is the difficult one; mine is only to speak up for them.

9.3 pm

Rebecca Harris (Castle Point) (Con): Thank you, Mr Deputy Speaker, for calling me to speak this evening.

I have the great privilege of representing the wonderful people of Castle Point. As everyone here should know, it is a borough constituency on the north side of the Thames in Essex. The seat takes its name from two of its most prominent landmarks: the ruins of Hadleigh castle, which overlook the Thames, and Canvey Point, the easternmost point of Canvey Island—a true island, below sea level, which fortunately enjoys some of the lowest levels of rainfall in the country. Hon. Members will know that the castle is the subject of a beautiful and haunting painting by John Constable. Indeed, I am often confused by people who say they are going to visit Constable country and then mistakenly head off for Suffolk instead. I very much look forward to being able to show off the beauty of my constituency when Hadleigh downs hosts the 2012 Olympic mountain biking event.

Castle Point has a rich history. Canvey Island hosted an early Roman settlement and was drained by Dutch engineers in the 17th century, and the Saxons fought off the Vikings at the battle of Benfleet. Castle Point's recent political history has been no less interesting. My immediate predecessor was Dr Bob Spink, who was an extremely active Member of the House and an enthusiastic presenter of petitions. In recent years he was associated with several parties, including a short fling with the UK Independence party as its only ever MP, however briefly. He ultimately fought the election leading his own Independent Save Our Green Belt party—an important issue in Castle Point. I have met many people whom he

[Rebecca Harris]

has helped over the years of his service, and he was a very hard-working Member of Parliament. I wish him the best for the future.

However, no Castle Point MP should talk about the constituency without paying proper tribute to the late Lord Braine of Wheatley, who served the area with great distinction for 43 years and was Father of the House until his elevation to another place. Sir Bernard is still remembered with real affection, and at my first meeting with a local campaign leader I was presented with a 30-year-old copy of *Hansard* recording his marathon three-and-a-half-hour filibuster as he strove to talk out a railway Bill that would have made more likely the construction of two oil refineries on west Canvey marshes. The development would have blighted the whole borough to this day.

Like a lot of men, Sir Bernard seemed to have no great difficulty talking for three and a half hours without pause. That said, he was helped by supportive colleagues on the Back Benches intervening to complain, after only two hours, that he was pursuing his argument in too hurried and superficial a way, and requesting that he please give more background and context in order for them to get a better grasp of his arguments. I am happy to say that Sir Bernard and the tenacious local residents won the day. The refineries were never built, and one of my first public engagements as a Member of Parliament was attending the formal opening of a superb new Royal Society for the Protection of Birds reserve where one of those refineries would have stood.

Bernard showed how an experienced and determined Member might use this Chamber to deliver real benefits to the community that he represented, benefits that are well remembered nearly 40 years on—quite a lesson for a new Member like myself. He understood the Castle Point community and saw it grow rapidly as people moved there from London. In doing so, they sought to bring up their families in the safe, green, pleasant villages of Benfleet, Thundersley, Hadleigh, Canvey Island and Daws Heath. That housing development, though, is balanced by the presence of ancient woodlands, heathland, marshes and glens and vital green belt, the preservation of which is hugely important to the local people, who want to ensure that Castle Point remains a peaceful and attractive place to live—a subject I will return to in future debates. As Members may guess, I and my constituents are delighted at the abolition of regional housing targets.

Despite its rapid growth, Castle Point has maintained an exceptionally strong, even old-fashioned, sense of community—something that its people have preserved, and that I as their MP wish to help them preserve. Castle Point residents are very proud of their community, and also fiercely proud of our country—even, it seems, of our national football team. Above all, they are hugely proud of our armed forces and will line the streets for them on Saturday for Armed Forces day. I am delighted that this year, the 1st Battalion the Royal Anglians, better known as the Vikings, will be joining the parade.

The Vikings recruit in and around my constituency and are just back from a third tour of duty in Afghanistan, where they have fought bravely, helping to provide security to the Afghan people and to us in the UK in turn. They lost five of their number and many more were injured. I had the privilege of receiving last week a briefing at county hall from their senior officers on their achievements during the mission, and was greatly encouraged by the progress they have made on reconstruction and development, on winning over the local community leaders, and on investment in the training of the Afghan national army and police. More than 10,000 Essex people turned out last week to give them a proper Essex welcome, demonstrating their heartfelt support for those who bravely put their lives at risk on our behalf.

However, that support has not stopped those same people from asking searching questions about the mission and equipment, and about the care we give to the injured and their relatives, both in mind and body. Some ask why we are in those locations, what we realistically hope to achieve, and whether all the money and personnel could be better deployed in protecting our domestic security in a more direct way. Like many others, my constituents have experienced terrorism first hand and its changing character over the years. The IRA sought to detonate an oil storage tank on Canvey in the '70s, and many of my constituents work in London and were affected by 7/7.

I hope the defence review gives us a proper chance to look hard at our priorities as we consider how best to make our country secure again, with the background of a diverse and rapidly changing security threat, and the realities of our economic circumstances. My briefing from the Vikings showed clearly the principle that security can be won and maintained only through the combination of military and policing action, negotiation and diplomacy, and aid and investment, and that one should not undermine or work against the other. I hope that the strategic defence and security review, while determining the future shape of our defence and armed forces, will also give the British public confidence that when our brave men and women are sent to war on our behalf, it is for this country's security interests.

I shall close by saying what a great pride I have in representing the people of Castle Point. I offer total commitment to serving them in this House, to repay the trust they have placed in me by sending me here.

9.11 pm

Dan Byles (North Warwickshire) (Con): It is an honour to speak after so many fantastic maiden speeches, in particular those of my hon. Friends the Members for Castle Point (Rebecca Harris), for Winchester (Mr Brine), and for South East Cornwall (Sheryll Murray). I congratulate my hon. Friend the Member for Winchester on his wedding anniversary. Mine is tomorrow, so I know the feeling of being away from family down here in London. It is also an honour to follow my hon. Friend the Member for Beckenham (Bob Stewart), who spoke with such passion and authority on the necessity of ensuring the resilience of our front-line units in Afghanistan.

It is well known that the percentage of gross domestic product that we spend on defence is at historic lows. However, as a result of our equally historic deficit, it is now likely to fall even lower. I was a soldier, and I do not want that, but I am a realist on the state of Government finances, so I recognise that the Ministry of Defence must take its share of the pain. I am hopeful that if that

is done through the prism of a comprehensive strategic defence and security review, we can ensure a sustainable balance between resources and requirements.

The SDSR cannot be conducted independently of a thorough review of the defence industrial strategy. A quarter of our defence budget is spent on equipment and services, and our current approach to acquisition is, at best, a mixed bag. The urgent operational requirement system allows for a valuable degree of flexibility and provides a way into the procurement system for our strong phalanx of small and medium-sized defence companies, but in too many cases, the core programme level is a disaster.

At this stage, I must take issue with the hon. Member for Alyn and Deeside (Mark Tami) and my hon. Friend the Member for Filton and Bradley Stoke (Jack Lopresti), who praised the A400M aircraft. They said that it was a fantastic aircraft with which we should be delighted to be involved. I do not doubt that the aircraft that finally results from the programme will be a fine aircraft, but the acquisition process that has got us to this point is an example of how not to procure an aircraft. It is more than three years late and almos £10 billion over budget, and arguably, it is now considerably over-specced for the initial requirements.

Earlier, my hon. Friend the Member for Portsmouth North (Penny Mordaunt), in her maiden speech, noted that the United Kingdom has not exported a naval vessel since the 1970s. Type 45 destroyers were originally supposed to cost something like £280 million each, but they now cost more than £1 billion each. Is it any wonder, given the gold-plating that happens in our procurement process, that we end up with bits of kit that are simply too expensive to export? It cost the previous Government £100 million simply to avoid making a decision on the future rapid effect system for a year. The frictional costs at Abbey Wood have been estimated at some £0.5 billion a year. That would pay for a brigade of soldiers.

I am a strong supporter of the UK defence industry. It is a UK good news story, employing some 300,000 people and representing 10% of UK manufacturing jobs, and these are high-quality jobs—they are high-tech, high-value added jobs. The industry turnover is some £35 billion, of which 22% is from exports. However, the question must be asked whether the current acquisition process is designed to support our armed forces or our defence industry. It is supposed to do both; it is in danger of doing neither.

I am old fashioned: I believe that the defence budget is there to equip and train our armed forces, and to support them in performing their duties at home and abroad. The defence budget is not there to support industry—there are other Departments with that remit. I am not even convinced that the defence industrial strategy as it currently operates is good for our defence industry. We have some of the most successful high-tech, highly skilled companies in the world—companies that are hampered, not helped, by the MOD's constant gold-plating and moving of the goalposts. The MOD too often limits the industry's export potential by specifying equipment that is simply too expensive and too specialised for the export market. I am not arguing for scrapping the defence industrial strategy or for abandoning partnering between the MOD and industry, but anybody who thinks that the current acquisition programme is working is deluding themselves.

Alison Seabeck: I am listening with interest to the hon. Gentleman, but from the tone of his argument, he seems to be suggesting that those on his Front Bench should perhaps have the opportunity to purchase off-the-peg items from overseas, rather than from British industry.

Dan Byles: There is a balance to be struck. In fact, before the hon. Lady intervened, my very next sentence was going to be: there is a balance to be struck between supporting our vibrant defence industry and ensuring that our soldiers get the equipment that they need in a timely manner. I recognise that there is a balance to be struck—it is not about one thing or another—but we are simply not striking it at the moment. We have to look hard at how we equip and sustain our armed forces, and we must do so as part of the strategic defence and security review, not later as a stand-alone review. I sincerely hope that that will be the case.

9.17 pm

Ms Louise Bagshawe (Corby) (Con): I am glad to have the chance to contribute in such a vital debate and to follow so many fine maiden speeches, most recently from my hon. Friends the Members for Winchester (Mr Brine) and for Castle Point (Rebecca Harris). I greatly enjoyed hearing about the rich historical heritage of Winchester, and I also enjoyed the fluent and amusing speech by my hon. Friend the Member for Castle Point. I now know which is the true Constable country, and I will not be fooled by anybody else's claims.

During the election campaign, defence was, perhaps surprisingly, a major issue on the doorstep in my constituency. There was a strong feeling that our troops had gone into battle overstretched and under-resourced. I know that a strategic defence review is the only way to square that circle, and I am encouraged by what I have heard from my right hon. Friend the Secretary of State, and in particular his commitment to restoring our military covenant. However, I implore the Government to go still further. We have heard, in many fine speeches, from all parts of the House in this evening's debate, great concern about the welfare of our troops when they are off the field of battle, with the issues ranging from health care to mental health provision. I implore our coalition Government to go still further: to be bold and to make the proverbial virtue of necessity.

As the profligacy of 13 years of Labour Government has necessitated this root-and-branch review, let us add something completely new to the mix. I advocated this in my maiden speech, and it would be remiss of me not to advocate it again today. This country needs a Veterans Administration. Tracing its roots back to 1636, when the pilgrims of Plymouth colony established a fund to help disabled veterans of wars with the native Americans, the modern Veterans Administration in the United States was set up in 1930 with a specifically co-ordinating function: to

"consolidate and coordinate Government activities affecting war veterans."

Mr Kevan Jones (North Durham) (Lab): Will the hon. Lady give way?

Ms Bagshawe: I will in a second, because I believe that I am about to develop the point that I believe the hon. Gentleman is about to raise.

[Ms Bagshawe]

In 1989, President Bush senior created the Department of Veterans Affairs, with a Cabinet seat in the US Government. As he said,

"There is only one place for the veterans of America, in the Cabinet Room, at the table with the President of the United States".

Today that Department is the second largest in the US Government, with 280,000 employees and a budget—here I urge the Secretary of State to take heart and not to flinch—of $88 billion.

Mr Kevan Jones: I was looking at the Secretary of State's face when the hon. Lady was saying that she wants to spend a great deal more money. Can I ask her to get out of the la-la land of the campaign and look at what the last Labour Government did? We were the first Government ever to have a Veterans Minister and we were the first ever to have a Service Personnel and Veterans Agency—something that no Conservative Government ever provided.

Ms Bagshawe: If the hon. Gentleman had allowed me to develop my speech further, he would have heard me say that the cost implications are not the same for similar provisions in this country. Yes, of course there was a Veterans Minister and of course some progress has been made to care for our veterans, but I think that most hon. Members, and certainly most people in the country and in my constituency, think—as has been reflected in the speeches we have heard, including those from Labour Members—that the care provided is totally inadequate.

I am wearing today the Help for Heroes wristband. As my hon. and gallant Friend the Member for North Warwickshire (Dan Byles) mentioned in his own maiden speech, the existence of Help for Heroes is a rebuke not only to the hon. Gentleman's Government, but to everyone in the House, as it is properly a function of Government to care for our veterans. Its popularity stems from the fact that it is seen to be filling the gaps in state care. The Ministry of Defence website includes anybody who has ever fought or worn this country's uniform, and it is estimated to reach about 10 million people in the UK, which is a hefty chunk of the population. There can be no comparison in terms of extra or additional spending for a British model of a Veterans Administration, because 87% of the American VA's spending costs are for medical care alone, so they are already covered in this country by the NHS.

Some half-hearted attempts have been made in this direction, such as the Veterans UK website, which is an information portal, but is, to be honest, very small beer compared to a dedicated Department focused on the military and their families. Many projects that are being brought forward, such as shared equity house purchasing and pilot schemes for extra mental health provision, which were of course announced in the Conservative manifesto, as was the application of the pupil premium to military families and their children, are in their infancy, but Rome was not built in a day. I recognise that the previous Government did not leave us the money to construct a Walter Reed on UK soil.

Our forces, who are, of course, the best in the world, have been fighting in Afghanistan and Iraq under-equipped and under-resourced. When they return home, they should not have to hunt out and search for what help is available. A simple reorganisation of existing and, indeed, planned benefit changes is necessary. All these things can and should be easily accessible in one place, and, crucially, one Department should have responsibility.

Other measures such as legislation—for example, I would advocate making illegal the refusal of service at hotels or hostels on the ground that a soldier is wearing the Queen's uniform—or educational initiatives would help. For example, it is customary in the USA to thank military personnel for their service—something that we might usefully teach our own children. That would be effective in raising morale and would, of course, be totally free of cost.

We are embarking on a strategic defence review. Let us review, as part of it, the wholly inadequate present arrangements for supporting our troops and their families when they are off the field of battle. Let the new coalition Government signal their complete seriousness about restoring the military covenant and the pride they have in our troops. I urge the Government to go further than the piecemeal steps taken by the last Labour Government and to take steps to examine the feasibility of a UK Veterans Administration.

9.23 pm

Mr Kevan Jones (North Durham) (Lab): We have had a very good debate, with 27 contributions and nine excellent maiden speeches. The hon. Member for Fylde (Mark Menzies) gave a fitting tribute to his predecessor; I agree that he was a very strong advocate for the defence industry and for BAE Systems and the Eurofighter. However, I feel that the hon. Member Fylde will find strange bedfellows in his new Liberal Democrat friends, when his two major employers are the nuclear industry and BAE Systems.

We heard a very good maiden speech from the hon. Member for Lancaster and Fleetwood (Eric Ollerenshaw). He paid tribute to Joan Humble, a very good friend of mine, who did a lot of work in the House on Deepcut and welfare issues. The hon. Gentleman explained the tortuous way in which he gets round his constituency by going through other Members' constituencies. I do not envy his task when he puts in his mileage claim to the Independent Parliamentary Standards Authority and explains how he makes his journey.

The hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) paid tribute to another good friend of mine, Linda Gilroy. He also paid tribute to the Royal Marines. When I was a Minister, I had the privilege to visit Plymouth on a number of occasions, and we should all be proud of and humbled by the work of Hasler Company on recovery capability, which, I have to say, was fully supported and financed by a Labour Government.

The hon. Member for Filton and Bradley Stoke (Jack Lopresti) spoke from his experience in the Territorial Army, and I thank him for his service to the nation. He paid tribute to the medical emergency response teams in Afghanistan. I have also met the individuals involved and they do a fantastic job. I hope that they will soon get recognition through the award of a campaign medal. He rightly spoke about the footprint of the defence industry in Bristol and the surrounding area. He also rightly lauded the doubling of the operational allowance,

although, on the basis of the written answer I received this week, it is an unfunded commitment, because the Government do not know where the money will come from.

The speech of the hon. Member for Portsmouth North (Penny Mordaunt) showed that she will be a strong advocate for the Navy, and I am sure that she will be popular with the Navy in that fine city. She said that she hoped she would not have to fight for the Navy against her Front-Bench colleagues. She might have to fight hard to support her constituency and the Royal Navy, because in opposition the Conservative party was very Army-focused—

The Parliamentary Under-Secretary of State for Defence (Mr Gerald Howarth): The RAF.

Mr Jones: I agree with the hon. Gentleman's comment from a sedentary position—he was the lone voice on the Conservative Front Bench arguing for the RAF.

The hon. Member for South East Cornwall (Sheryll Murray) gave a beautiful description of what is a beautiful constituency, and she is a good salesperson for her local tourist board. She also paid tribute to Colin Breed, with whom I served on the Defence Committee and who had a keen interest in defence matters. She mentioned HMS Raleigh—if you want to see the best of British youth, Mr Deputy Speaker, you need to go to HMS Raleigh. As a Minister, I was honoured to attend a passing-out parade there last year, and it is humbling to see those who were once raw recruits passing out, with their families in tears, and going on to make a great contribution to our Royal Navy.

The hon. Member for Redditch (Karen Lumley) made, I think, a fitting tribute to her predecessor, as well as to a very good old friend of mine, Eric Forth, who once represented the area, which I had not realised previously. She also rightly pointed out her constituency's contribution to our armed forces, and I am sure that she will be a strong advocate for that constituency.

The hon. Member for Winchester (Mr Brine) represents a strong military area, which I was fortunate to visit on numerous occasions as a Minister. One of those visits was to launch the armed forces welfare pathway with Hampshire county council, with which I hope the new ministerial team will continue.

I have to say that the hon. Member for Castle Point (Rebecca Harris), in defeating Dr. Robert Spink, has done a favour to us and the rainforests of South America, because we will no longer have to put up with the nightly petitions he used to present. I thank her for that contribution to the environment. She also said rightly that she represents her constituency with pride, and I am sure that she will do a good job. She made the point that her constituency is a large contributor of men and women to our armed forces, and I wish her well in representing that constituency.

The debate had a large number of contributions. There is usually consensus across the House in such debates, although one would not think that if one saw some of the press comments, or the spin that came from Conservative Front Benchers, before the election. However, this is a serious subject, and we ought to ensure that Members in all parts of the House, as well as in the wider community, are involved in the review.

The right hon. and learned Member for North East Fife (Sir Menzies Campbell)—who nowadays, I have to say, looks a bit like the unhappy father of the bride at a shotgun wedding—

Sir Menzies Campbell: Happily I am not paying for it.

Mr Jones: The right hon. and learned Gentleman may not be paying for it personally, but I think that his party may well do so.

The right hon. and learned Gentleman made a good point in saying that foreign policy clearly underpinned the review. He also made a good point about finance. One thing that I think the Government Front-Bench team will soon recognise is that the enemy is not in the Ministry of Defence or in its own parties, but across the road in the Treasury.

It was remiss of me not to welcome members of the Front-Bench team to their new positions. Let me also say that I am sad that the hon. Member for New Forest East (Dr Lewis) and the hon. Member for South West Wiltshire (Dr Murrison), who were collateral damage in the reshuffle, are no longer in that team. They worked very hard in opposition, and always dealt with me courteously when I was a Minister.

I think that we have taken a simplistic approach to finance in the context of the review. When we were in government, we fell into the habit of assuming that the civil service was bad and the military were good. I had the privilege and the great honour of being a Minister in the MOD, and I want to record my thanks to the civil servants and the military personnel with whom I worked. The MOD comes in for a great deal of criticism, but one thing that I would not question is the commitment and dedication of the individuals in that Department. It is true that we reduced expenditure on civil servants by cutting their number by 45,000, but savings will now have to be made across the board, and it would be wrong to make them in such a simplistic way.

An important question that has emerged today relates to the parameters of the debate that is to take place. We need to ask whether decisions have already been made, and whether some areas will be ring-fenced. In opposition, the Conservative Front-Bench team made it clear that they wanted to increase the size of the Army. My hon. Friend the Member for Falkirk (Eric Joyce) said earlier that he would not quote things back at them. I am sorry, but I cannot help doing so.

In opposition, the then hon. Member for Woodspring—now the Secretary of State—was keen to ensure that we had a bigger Army. On 18 February 2008, he was asked by Adam Boulton of Sky News:

> "So are you saying that you want… a bigger army?"

He replied:

> "We want to see a bigger army."

That rather contradicts what he is saying now, and what he was quoted as saying the other week in *The Sunday Times*—that

> "nothing had been ruled out—even cuts to the numbers of uniformed personnel."

Are we to believe that what the Conservatives said before the last election was just the rhetoric of opposition? Was it not, in fact, a cynical ploy to give the impression that they were the party that was standing up for the armed forces?

Bob Russell (Colchester) (LD): May I help the hon. Gentleman further, and ask him to confirm that the last Conservative Government reduced the size of the British Army, and that the Conservatives opposed the then Labour Government's cuts in the number of infantry units?

Mr Jones: The hon. Gentleman may be suffering slightly from schizophrenia nowadays as he tries to decide where he actually is.

Bob Russell: I know where I am.

Mr Jones: Perhaps the hon. Gentleman does, but I am sure that he will have some tough decisions to make over the next few weeks.

We must also ask whether the size of the Navy is sacrosanct. In the same article in *The Sunday Times*, the current Secretary of State asked:

"Have we cut the surface fleets too much in order to buy high-end capability?"

That suggests that somehow the size of the Navy is ring-fenced. We are therefore slowly seeing whole chunks of the review being ring-fenced or put off-limits, so I question what type of review it is going to be.

That brings me to the nuclear deterrent, where I must say we have got one whole of a dog's breakfast. The Minister for the Armed Forces said before the election:

"The Labour and Conservative policy of like-for-like replacement of Trident is absurd"

and that

"Labour wants to press ahead with a £100 billion nuclear weapons system designed for the Cold War and won't even consider Trident in the upcoming defence review. That makes no sense."

I understand from the coalition agreement that Trident will be scrutinised to ensure value for money but, as my hon. Friend the Member for Barrow and Furness (John Woodcock) ably pointed out, we are not quite clear what the value-for-money review actually means. Does it mean going back to the proposals of the right hon. and learned Member for North East Fife for a cruise-based alternative, or is it just about tinkering with the figures? The new Chief Secretary to the Treasury clearly did not have a clue when he addressed the House last week. In response to my hon. Friend the Member for Barrow and Furness, he said:

"The hon. Gentleman has no doubt studied carefully the coalition programme…The value-for-money review will do precisely what it says on the tin: we want to get the best value for money from the project and not waste taxpayers' money unnecessarily on the renewal." [*Official Report*, 17 June 2010; Vol. 511, c. 1049.]

Everyone would agree with that, but are we reopening what the Liberal Democrats were putting forward?

Eric Joyce: I wholeheartedly agree with my hon. Friend. Does he not think that Labour should conduct its own review in opposition and include Trident in it?

Mr Jones: Well, no, I do not, because I have to say that I agree with the Conservative Front-Bench team that we must make sure to replace Trident. I must also say that my hon. Friend threw me a little when he said in his speech that he was now supportive of myself and other former Ministers; I am glad he has turned over a new leaf in opposition.

Dr Fox: As the hon. Gentleman agrees with the Government's position on this, given his own experience will he enlighten colleagues as to why the previous Government came to the decision that Trident was the most effective and cheapest way of providing us with a continuous at-sea deterrent?

Mr Jones: Well, because it is, and we had the White Paper in 2006 that said that.

My hon. Friend the Member for Barrow and Furness raised an interesting point—the idea that we can play stop-go with the building of nuclear submarines is wrong; instead, we need to keep the skills base together. People must recognise that key point. That policy is what led to the problems we are currently facing with Astute. The options were looked at in detail and it was found that, in terms of the procurement of warheads and of the boats themselves, Trident is the most cost-effective way to proceed.

However, I must ask the Minister for the Armed Forces whether, in terms of the review, we are talking about basic principles or simple value for money? A yes or no answer will suffice. Alternatively, is this, as we all suspect, simply a bit of political posturing to keep the unilateralists in the Liberal Democrats on board while not scaring the cold war warriors in the Tory party such as the hon. Member for New Forest East?

Much was said in the debate about the covenant and the work on that—or lack of work, as the hon. Member for Corby (Ms Bagshawe) said. She should look at what we actually achieved in government, and it would be nice if she could support and build upon that.

On value for money, the Treasury will of course look in detail at whatever review takes place, and it is clear that the Secretary of State is also looking at that requirement. In the article that I mentioned earlier, he said that there might not be so much "fat in the system" as was previously thought, but that although the overall defence budget would be protected, dramatic savings would still have to be made. Between 1997 and 2008, Labour added an average £1 billion a year to the defence budget and there was the longest-sustained growth in defence expenditure ever in this country. It is important to get some clarity tonight. If the defence review says there is a need for more defence expenditure, will the Secretary of State argue for that or will he simply take an inflation increase, which would effectively be a cut in the defence budget?

The right hon. Gentleman knows that I was responsible for personnel issues within the Department. There has been much criticism in the past few weeks about bloated public sector pay and pensions. Armed forces personnel are public sector workers, although we do not see them as such, and it will be interesting to see whether he will exempt them from the pay restraint being suggested. Is he going to implement fully the recommendations of the Armed Forces Pay Review Body, as we did in the last Government? On pensions, will he exempt armed forces pensions from the review that is taking place? If he is looking for hopeful signs from the former Member for Barrow and Furness, Mr John Hutton, let me tell him that when I suggested that we should look into this, Mr Hutton was the one who scuppered it and then went against the permanent secretary who recommended that the issue should be looked at.

As my right hon. Friend the Member for Coventry North East (Mr Ainsworth) said earlier, we welcome the responsible way in which we will make a contribution

to this debate. However, there is still confusion around what programmes are included in all this and about the finance. For five years, the Secretary of State has been going around promising larger Armies, bigger Navies, better accommodation and higher pay. Some of his Front-Bench team have even called for higher defence expenditure, although I notice that he has never offered a penny more in relation to any of those commitments. Will he now, with his party and its new Liberal Democrat friends, be straight not only with the armed forces but with the country? We need an effective strategic defence and security review not just to meet our commitments at home and abroad, but to do the right thing by the men and women who daily put their lives at risk on our behalf.

9.42 pm

The Minister for the Armed Forces (Nick Harvey): This has been a frank and important debate at a crucial time for defence. Many of us will remember Thursday afternoons in the last Parliament when defence debates were typically rather poorly attended by the same people making—I hope it is not too rude for me to say this—the same speeches. It has therefore been very welcome to see so many new faces here and to have that participation. We look forward to seeing a huge improvement in our defence debates to come.

The strategic defence and security review gives us the opportunity to look afresh at the role we see for our armed forces in the 21st century. It is a chance for us to harmonise defence policy, plans, commitments and resources. There is a good deal of consensus in the House on the need for change and there is recognition of the need to take difficult decisions. There is probably even quite a lot of agreement about what some of those decisions will have to be. However, we also have to be aware that the nature of the review and the difficult decisions that have to be taken mean that we will not be able to please everyone. My ministerial colleagues and I are grateful for the thoughtful contributions that have been made today on a wide range of topics, and we will consider them further as the review moves forward.

More broadly, we are engaging with the defence community as a whole—with industry and academics as well as with the charities and volunteer groups that support our efforts. That will include giving an important voice to members of the armed forces, as the Secretary of State highlighted earlier. The crucial thing is for defence as a whole to emerge stronger from the review. If it is to do that, we cannot make changes at the edges. Efficiency savings can be made, but they alone will not fix the structural difficulties in the Ministry of Defence's finances, so we will have to face up to the realities and prioritise.

Structural problems can be resolved only by structural solutions. The review will therefore grapple with fundamental issues. We face a more unpredictable security situation than we have had for many decades. In Afghanistan, which I visited last week, there are clearly many challenges, but I have seen for myself that real progress is being made.

Mr David Amess (Southend West) (Con): On Thursday, 1st Battalion the Royal Anglian Regiment— the Vikings— held a post-Afghanistan homecoming parade in Southend that was attended by my right hon. Friend the Member for Rayleigh and Wickford (Mr Francois), my hon. Friend the Member for Rochford and Southend East (James Duddridge) and me. Will the Minister join us in congratulating the regiment on its achievements? In particular, will he ensure that the troops from the battalion who were injured in the conflict will be properly cared for?

Nick Harvey: I entirely endorse the hon. Gentleman's comments. It was a particularly distinguished tour of duty, and the homecoming parade, which I have read about in his local newspaper, and which was mentioned earlier by the hon. Member for Castle Point (Rebecca Harris), was certainly very notable and shows the depth of appreciation in the communities for the work that those forces did.

It is imperative that we continue to build up the size and strength of the Afghan national security force. That is the direct route, ultimately, to our troops coming home. Sometimes that is not as well understood as it could be. While conducting our strategic defence and security review, we must not lose sight of the importance of explaining our mission in Afghanistan. We cannot make the mistake of assuming that all future conflicts that we will be involved in will be like the conflict in Afghanistan, but in deciding what our armed forces should look like, we must consider what the most likely operations that they will be asked to undertake are. In that sense, the review will be policy led.

There has to be a balance between supporting the needs of today and being prepared for whatever tomorrow might bring. There are many potential tasks that we may wish our military to undertake—each will have its own requirements and could be very different indeed from what is going on in Afghanistan—but we cannot fool ourselves into thinking that we can do everything. In that sense, the strategic defence and security review must necessarily be financially aware.

A number of hon. Members have asked questions about how the review will be conducted. Among others, my right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) specifically asked about the timing of the review, and suggested that it was being conducted very swiftly. I acknowledge that it is being conducted swiftly, but the reason for that is quite simply the financial predicament that the nation faces, and the fact that a comprehensive spending review will take place this October. If we were to wait until after that to start the strategic defence and security review, we would inevitably end up doing so within a financial envelope given to us by the Treasury.

By conducting the strategic defence and security review first, we can make a case to the Treasury on the basis of the foreign policy that has been set out, the security assessment that has been arrived at, and a number of detailed programmes of work on what the armed forces' structure and configuration will need to be to meet those foreign policy and security requirements. There is clearly an absolute necessity to do that first, so that we can battle our corner within the comprehensive spending review from a position of strength, with a thought-through, strategic position for defence, not by chasing along afterwards to an agenda that has already been set for us. For that reason, it is absolutely right that we have to get on and do it as quickly as we can.

Bob Russell: Can the Minister say whether he and his team, as they battle on behalf of the men and women who serve in Her Majesty's armed forces, will ensure that there will be no cuts in the modernisation programme for housing single soldiers and families?

Nick Harvey: I hope very much that all Members who have taken part in the defence debate today and think of themselves as part of the defence community in Parliament will fight shoulder to shoulder to ensure that defence gets the best possible outcome, as we all compete for very limited resources in the coming months. To that extent, I very much hope that this issue will not be too divisive between parties, and that we can help each other towards that goal.

Mr Watson: I am delighted to see the Minister in his post. Will he clarify the position on the mental health screening of personnel? His junior, the Under-Secretary of State for Defence, the hon. Member for South Leicestershire (Mr Robathan)—a demoted former shadow Deputy Chief Whip—made a Horlicks of it on Radio 4, and we do not know whether the Government are in favour of mental health screening or not. What is the position? Can the Minister put his junior right, please?

Nick Harvey: The simple answer is that the Government have promised a new approach to mental health services to support the armed forces. The Prime Minister has asked the hon. Member for South West Wiltshire (Dr Murrison) to establish the most effective way of improving the care that we provide. On mental health screening, clinical experts have advised that further research is necessary before any new plans are put in place, so we are looking into the matter, but we will come back to the hon. Gentleman and the House on that subject in due course.

A number of hon. Members have, understandably, raised various points of local interest in their constituency, or matters of particular interest to themselves, and that is entirely right. That, after all, is the point of devoting an entire day's debate to the strategic defence review. I was completely baffled to hear an Opposition Member ask when Parliament would get the opportunity to debate the strategic defence review; he was saying that in the middle of a full day's debate on it.

Let me say to the hon. Members for Portsmouth North (Penny Mordaunt) and for Plymouth, Moor View (Alison Seabeck), who made points on behalf of the Navy; to the hon. Member for Fylde (Mark Menzies), who referred to Typhoon; to the Scottish National party spokesman, the hon. Member for Moray (Angus Robertson), who talked about the situation of Scottish industry; to the hon. Member for Dunfermline and West Fife (Thomas Docherty), who raised the issue of the carriers; to the hon. Member for Filton and Bradley Stoke (Jack Lopresti), who talked about the important aerospace industries in his constituency; to the hon. Member for Lancaster and Fleetwood (Eric Ollerenshaw), who talked about the Territorial Army in his constituency; and to the hon. Member for West Dunbartonshire (Gemma Doyle), who talked about the ship industry, that we quite understand why they made the points that they did. I cannot offer any promises or any comfort to anybody at this stage. We are just embarking on a genuinely comprehensive review. Nothing is completely safeguarded from it, but equally, no decisions have yet been taken that should give any of those Members specific cause for alarm. We are embarking on a comprehensive piece of work. It is right that they should articulate their concerns, but we cannot arrive at the conclusions at this stage, when we have not embarked on the piece of work.

On the time scale, which Opposition Members are asking about, the work streams are now in place. Hon. Members—and everybody else—have the opportunity to contribute and make whatever representations they wish to make. If there are hon. Members who feel that they are under-informed, and want more information to inform representations that they might make during the review, they need only let us know. Ministers have an open-door policy, and Members are welcome to any further information that they feel they need.

Angus Robertson: During the previous Parliament, the Labour Government provided statistics on employment and expenditure throughout the nations and regions of the UK. Will the new coalition Government give a commitment to continue producing those statistics?

Nick Harvey: Yes. Whatever information right hon. and hon. Members need in order to make representations to the review—

Angus Robertson: Is that a yes?

Nick Harvey: That is a yes. Hon. Members need only ask for any information that they need.

A variety of Members, including the shadow Defence Secretary, raised the issue of Trident. I think that I should clarify as best I can, because there seems to be some confusion—or perhaps I should say that some people seem moderately determined to be a little confused—about the value-for-money review of the existing plan for the Trident successor. It is a value-for-money study of the existing plan. If the study were to conclude that a particular aspect of the existing plan did not represent good value for money, it might start looking at different ways of doing things, but I have to stress that it is not a review in which we look at all the possible alternative ways in which we might provide a successor, and see which works out the cheapest. It is a progress report on the work taking place on the Trident successor project. The Ministry of Defence work on that should be completed by roughly the end of next month. The report will then go to the Cabinet Office, and ultimately these things will be decided by the National Security Council.

This afternoon we heard eight or nine maiden speeches, to which it is my happy duty to respond. If I have missed any, I can only say, with great apologies to those who made them, that they spoke with such aplomb and assurance that I did not recognise them as maiden speeches. The hon. Member for Fylde told us, among other things about his constituency, that Blackpool players tend to live in his patch. I congratulate them on reaching the premier league, and I wish them every success next season, as I wish him success in his seat. The hon. Member for Lancaster and Fleetwood discussed the neglect of rural areas and the decimated fishing industry. I certainly recognise those problems, and I am sure that we will hear a lot more from him about them.

The hon. Member for Plymouth, Sutton and Devonport (Oliver Colvile) gave us an account of Plymouth's naval history, and discussed the work of Combat Stress and others in dealing with the human fallout. He asked whether Ministers would come to Plymouth, and I can reassure him that I am going there this weekend as part of the Armed Forces day celebrations, so it is not being ignored.

The hon. Member for Filton and Bradley Stoke told us about the importance of defence industries in his constituency. He told us that he had served in Helmand, and he promises to be a strong advocate for troop welfare. The hon. Member for Portsmouth North (Penny Mordaunt) stressed her naval heritage by pointing out that she had been named after a naval cruiser—that will take some beating. She urged us not to be sea-blind, and I can assure her that we will not be. Her point about the exportability of new naval craft was extremely well made, and it is something to which the Government are committed.

The hon. Member for Redditch (Karen Lumley), as was said, made the place sound quite idyllic. I acknowledge her tribute to her predecessor. The hon. Member for South East Cornwall (Sheryll Murray) gave a charming account of her constituency, and made a generous tribute to her predecessor Colin Breed—I thank her for doing so—and to Bob Hicks, the Member before that, whom we all remember fondly. The hon. Member for Winchester (Mr Brine) gave us a geographical tour of his constituency, with which I am familiar. He told us how Chandler's Ford and Hiltingbury had moved from one constituency to another. As a native of Chandler's Ford, and indeed Hiltingbury, I am aware of that change, and I wish him well in his representation of the seat. The hon. Member for Castle Point (Rebecca Harris) gave us a worthwhile reminder of where Constable country is.

I should like to respond to the points made by the shadow Defence Secretary, which I did not think were justified, about the departure of Sir Jock Stirrup as Chief of the Defence Staff. I remind the right hon. Gentleman that Sir Jock Stirrup himself said that it had always been his wish to retire at the end of the strategic defence and security review, which was

"an obvious point at which to make the transition."

I quite understand that, while it was thought that that review would last until the middle of next year, it might have been assumed that that was the point at which he was going to resign. However, given that, in fact, it will be concluded at the end of October, that is the natural point for him to go. He has no hard feelings about that; it is a perfectly civilised departure, and we thank him for his very fine service. *[Interruption.]* Any suggestion that he has been picked out as a result of sympathies for the previous Government must come from people who have not met him. Sir Jock Stirrup is about the least likely closet socialist anyone would ever come across— *[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Minister of State, but if Members wish to intervene they should seek to do so in the conventional way, and they have to put up with the results. We cannot have incessant wittering from sedentary positions.

Nick Harvey: There were many other thoughtful contributions—

Mr Ainsworth: Will the Minister give way?

Nick Harvey: No, I am in the last minute of the debate.

There were many other thoughtful contributions, and I particularly agreed with the hon. Member for Harwich and North Essex (Mr Jenkin) that future battles will not all be like Afghanistan. When the Secretary of State says that there are legacies of the cold war that have to be laid to rest, that does not mean that we will focus entirely on Afghanistan and what Afghanistan entails. We must be prepared, as the hon. Member for New Forest East (Dr Lewis) said, for whatever the future might hold for us and whatever the case might be in three decades' time. That will be the watchword of the defence review. As we look at all our capabilities across the board, we will try to be ready for any eventuality—

10 pm

Motion lapsed (Standing Order No.9(3)).

Housing Development (Swindon)

Motion made, and Question proposed, That this House do now adjourn. – *(Angela Watkinson.)*

10.1 pm

Mr Robert Buckland (South Swindon) (Con): This is a great opportunity to address the House this evening on a subject that at first blush may seem of only local importance, but which is of wider importance not only regionally but nationally. I am grateful to hon. Members for staying to listen to my remarks. In particular, I am grateful to my hon. Friend the Member for Castle Point (Rebecca Harris), who made her maiden speech this evening. She has been a redoubtable campaigner on this important issue—the quality and scale of housing development in her area and nationally. My hon. Friend the Member for Milton Keynes South (Iain Stewart) faces the same challenges as we face in Swindon.

To the west, Swindon is bordered by the constituency of North Wiltshire. My hon. Friend the Member for North Wiltshire (Mr Gray) shares a deep concern about what is happening to his rural hinterland. To the east, the Wantage constituency is represented by the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey). He, too, has become increasingly concerned about the potential effects of uncontrolled and unsustainable development.

The issue is not only for academics and planners. For the ordinary residents of my town, it is becoming the most important issue in their lives. Swindon has doubtless benefited greatly from expansion and growth in recent decades. Many would agree that its economic success was underpinned by that growth. However, it has now reached the stage where it is difficult to discern which comes first, rather like the chicken and the egg—is it housing development that engineers growth, or is it the wider economy? I am clearly of the view that it is economics and the country's economic situation that fuels the growth of towns such as Swindon, and that housing development, important though it is, is not the engine of economic growth.

We in Swindon are increasingly in danger of moving from a system of predicting growth and then providing houses, to one of providing houses and hoping, like Mr. Micawber, for something to turn up. Until the election and the welcome change brought about by the new coalition Government, we in Swindon were facing an extra allocation of 37,000 new homes in only 16 years, 2026 being the target date. We already have thousands of new homes being developed both to the north and to the south of the town, and many of those who live there do not work in Swindon.

The question that many local people are rightly asking me and others is, "Who is going to live in all these new homes?" Another question they rightly ask is, "Where is the infrastructure going to come from? Who is going to pay for that?" The pressure on road infrastructure, drainage and existing services could become so unbearable that Swindon risks being strangled by inappropriate expansion. Even allowing for the recent recession, housing development locally has proceeded at a breathtaking pace. Although we are nowhere near the heady heights of the middle of the past decade, when more than 2,000 homes a year were being completed, average house completions locally have reached 1,100 to 1,200 a year for the past 15 years or so.

I have mentioned ongoing development, but we face the spectre of more and unsustainable development in several forms. To the east of the A419, the eastern development area has been developed by the local authority in response to the unsustainable housing target imposed upon it by the regional spatial strategy—12,000 homes in an area that is too small. It represents too high a density and the sort of urban extension that, rather like the layers of an onion, creates more problems for existing infrastructure and residents. To the immediate west of my constituency in north Wiltshire, we face thousands more homes being earmarked on land areas immediately adjoining west Swindon. The problem there is compounded by not only the lack of infrastructure, but the fact that any planning gain, in the form of section 106 moneys, will be retained by another local authority. In other words, Swindon will have to take all the pain while having none of the gain. That is yet another urban extension to the west.

Is that a spatial strategy? Of course it is not. There is no regard whatever for the need for rural buffers, and no understanding of the importance of the words "sustainable development". If we are to translate those laudable sentiments into something real, we must acknowledge that it is time for a different approach.

I thoroughly welcome the Government's commitment to the withdrawal of the RSS and housing targets, but we are now walking—this is my principal worry and the main reason for tonight's debate—into a potential planning vacuum. Like politics and nature, planning abhors a vacuum, and already we see developers making planning applications locally: 800 homes to the immediate west of Swindon, on the Ridgeway Farm area; and 950 homes just to the east, on the much-loved Coate country park. These applications are being made for a reason: planners believe that into the vacuum something must fall, and that something is the existing housing figures and the existing evidence that was presented to the inquiry in public in 2006.

Andrew Percy (Brigg and Goole) (Con): I congratulate my hon. Friend on securing this debate. I do not represent Swindon or Wiltshire, but this is an issue in other parts of the country. He talks in particular about the vacuum that exists. Although in my constituency we are grateful that the regional spatial strategy has gone, we are unsure as to where the local development framework is heading. We have the reverse situation, with small communities being deemed unsustainable when we know that they are sustainable.

Mr Buckland: My hon. Friend makes a very important point. Into the vacuum that is being created by the current change will fall, to my great concern, applications that will seek to take advantage of current evidence. We need quick action from local authorities to change their approach. But as well as scrapping the RSS and housing targets, we need to get rid of the system of five-year land supply. At a stroke, that system continues to cause problems for local authorities when allowing them genuine autonomy in making planning decisions. My worry is that that system will be used by applicants and developers to force local authorities into having to grant wholly unsuitable applications. It would be tragic if, despite the coalition's excellent work in freeing up councils to make local decisions, they were left still hoist by that petard. Local planning with financial incentives for allowing

development, and incentives for working with neighbouring councils to deliver growth figures for the Swindon travel-to-work area, represent the best way forward for a sustainable Swindon that works well for all its residents and businesses.

I am not opposed to organic growth and expansion, but I am opposed to command and control time frames and targets that make a mockery of sustainable development. We should let councils get on with the job. Let us forget about 2026 and 37,000 new homes. Let us trust local authorities to earmark areas for sustainable development with the consent and involvement of local residents in order to create a Swindon that works. I look to the new Government for their strong support for that new approach to planning and housing development not only in Swindon, but nationally—one that rewards sustainable development and encourages developers to build wisely and well.

Mr Speaker, earlier I notified you that I wished my hon. Friend the Member for North Swindon (Justin Tomlinson) to contribute to this debate, bearing in mind his obvious interest and concern, so I shall now resume my seat.

10.11 pm

Justin Tomlinson (North Swindon) (Con): I thank my hon. Friend the Member for South Swindon (Mr Buckland) for giving me the opportunity to contribute to this Adjournment debate, which is extremely important for our town. It is a real credit to my colleague that he has secured this debate so early in the parliamentary cycle, and I thank also the Minister, who visited Swindon within days of the new Government being formed.

I wish to highlight two issues. In my maiden speech I touched on the first problem, which is associated with high-density developments. They produce a lack of open space for activities involving jumpers for goalposts and, in particular, young children's sporting activities. That in turn leads to increased levels of childhood obesity and, potentially, to antisocial behaviour, because their endless enthusiasm is not burned off. I have further concerns about shrinking gardens, which have fallen in size by about one third since the 1960s, and we also have problems with a lack of parking provision. Residents are creative and will find their own parking spaces, including on pavements and roundabouts, which creates a real nightmare, particularly on school runs, as mothers have to push their prams and pushchairs on to the main road. That is very dangerous, and emergency vehicles often cannot gain access to certain roads.

The second problem is unadopted roads. Developers, as they sell houses on the new roads, make every effort with maintenance, but during the delay between the last house being sold and the area being adopted maintenance levels all too often fall away. It often takes far too long for areas to be adopted, and there is seemingly no incentive for developers to complete their task quickly. Despite the glossy sales brochures that they put out promising all sorts of glorious infrastructure, it either arrives late or not at all. On that issue, I would push for stronger powers to create a bond scheme, into which developers would have to pay in advance of a development. If they did not keep to pre-agreed levels of maintenance, the local authority could carry out the work and deduct the cost of it from the bond. That would encourage developers to secure the area's adoption quicker, because they would then be able to reclaim their bond. Let us not forget that, while the area is unadopted, local residents still pay council tax.

However, I welcome the Government's announcements on the ability to create lower-density developments. During my 10 years as a councillor I found the previous situation very frustrating, in that I could protest if a development were not high enough in density, but not if it were not low enough. I also support the powers to defend gardens through our anti-garden-grabbing policies. We are moving in the right direction, and my hon. Friend the Member for South Swindon and I will be strong advocates of those two development prongs.

10.14 pm

The Minister for Housing (Grant Shapps): I congratulate my hon. Friend the Member for South Swindon (Mr Buckland) on securing this debate, which is excellent and timely, given all the changes in housing and planning, and given what is going on in Swindon. I am tempted to say that he has done such a great job, there is almost nothing that requires a response. He has simply nailed the subject in a manner that has eluded the packed Labour Benches. *[Laughter.]* Despite having professed great interest in housing over the years, Labour Members have let themselves down this evening by failing to turn up at all.

As my hon. Friend the Member for North Swindon (Justin Tomlinson) mentioned, I went to Swindon the other week, and I found a place that is keen to build more homes. It has made a name for itself by building not just a few, but tens of thousands of new homes, developing new communities and putting in infrastructure. It has seen some of the key advantages of sustainable development, but now it has a problem. The previous Government insisted that there could almost never be enough homes in Swindon and that the only way to convince locals, who had already produced so much additional housing, to build more, was to introduce top-down targets. They thought that the way to do that was to divide the targets up, through the regional spatial strategy, into a figure.

That was simply unsustainable from the point of view of infrastructure or of bringing in the right kind of vibrancy or sustainability to Swindon and the surrounding area—"Greater Swindon" we might call it. When we were in opposition it seemed to us that no matter how much we explained that to Ministers in the previous Government, they could not understand how or why the harder we push down from above and the more we try to impose housing targets, the fewer homes get built.

It is a question of human nature. If we tell someone to do something, give them no choice and exclude them from the decision-making process, they are much more likely to object to the overall plan. By contrast, as my hon. Friend the Member for South Swindon so clearly identified in an eloquent and purposeful speech, we should give people the option, the tools and the benefits of development. We have a proposal to provide on an ongoing basis six years' worth of council tax for every single new home that is built, and 125% match funding when it is an affordable home. That means that we are saying to local people, "When you build homes, you will get not only the additional housing and a bit of the

[Grant Shapps]

inconvenience that that might bring, but new infrastructure and facilities and a sense of ownership, because you will decide whether the homes are built or not."

I should like to address a number of specific questions that have been raised; they were well made and absolutely to the point, and they helped to explain the coalition Government's policy in these areas. There is the question of the five-year land target. In the previous Administration's view, unless local authorities planned for five, or even 15, years' worth of land availability for housing, land simply would not become available. That is because they simply did not trust people.

By contrast, we have said that, with the abolition of regional spatial strategies, we will ensure that the incentive scheme is all that is required to guarantee that local authorities will want to look a reasonable distance in advance to decide whether they need to make land available. That can be done according to local objectives, with local plans in mind and without reference to regional spatial strategies imposed on the area by national Government.

I confirm to my hon. Friend that, although we will not impose five-year plans, we freely expect that many councils will want to adopt them. They may want to look ahead, mainly for reasons of their own financial and sustainable development, to see whether they want to pinpoint land because they will know that a large chunk of their funding will be down to their decision about how much development they want in their area. I confirm to my hon. Friend that the decision will be a local one.

My hon. Friend made a great contribution and raised a number of key issues. As Swindon has got bigger and its population has grown, density has become an issue. As he rightly identified, gardens have got smaller, properties have got smaller, and garden grabbing has become all too common. We simply have to put a stop to the situation. Indeed, we will put a stop to the situation. We have already announced that garden grabbing is to end, and that gardens will, properly, be described as greenfield, which they so obviously are, not brownfield, as the previous Government insisted that they should be described. Instead, people should be allowed to identify, on a local basis, the density of housing that is right for their community. Those in Swindon, who are admirably pro-sustainable development, will no doubt come to a perfectly balanced and justifiable decision about how dense housing should be in future.

It is worth touching on what my hon. Friend the Member for North Swindon said about the lack of infrastructure that too often accompanies developments. Where a planning authority is going to give the go-ahead to new housing, it will be able to make a simple calculation. It will take the amount of council tax that will be collected from the band of house that is to be built on that site by a developer and multiply that by six, and then it will know precisely how much money there will be over that period of years to invest in infrastructure, local facilities and services. So the guesswork is gone. No more will we have the randomness of the housing planning delivery grant, doled out by Ministers from this Dispatch Box in random circumstances for the past few years without anybody having a clue as to how on earth that was accountable to the actual level of delivery in the area. Instead, the incentive scheme will link this directly with the aspiration in the area to build more homes. No longer will we have growth point funding, with its random delivery based on the whim of the latest Minister—and Housing Ministers tended to come and go very quickly under the previous Government—in wanting to deliver more money to their chosen project or pet area. Instead, funding is guaranteed and locked into the housing incentive.

I was very attracted to a new idea put forward by my hon. Friend the Member for North Swindon in relation to what happens when a new estate is developed. Like him, I have a lot of new housing in my constituency, and I am afraid that the issue of adoption rears its ugly head. One finds time after time that, although these developments have been finished for five, six or seven years, the basic services are not available. For example, there is no way of ensuring that police can come and police the roads because the roads have not been properly adopted. Dealing with issues such as speeding, antisocial behaviour and repairs to vital services is often a huge struggle for local residents. I was interested by my hon. Friend's idea of a bond scheme of some type. I will take that away and have a further think about how it could be implemented.

It would be wrong not to mention the comments by my hon. Friend the Member for Brigg and Goole (Andrew Percy) about housing in a rural context. I think that to the west of Swindon, on the Wiltshire border, there is a proposal for 3,000 properties on a rural site and therefore connected to this debate. Our plan is to introduce local housing trusts, which means trusting local people to decide whether they want to grant themselves planning permission in order to build properties in that location. So if people want to save their local school, which might be struggling with only a half form entry, save a post office, or keep a convenience store in the village, all those things not only become possible but are in the hands of local people in that more rural setting. My hon. Friend made a very valuable contribution.

Mr Buckland: The issue of the 3,000 homes immediately to the west of my constituency is all about the urban extension nightmare versus the local vision that my right hon. Friend has been elucidating. Instead of a rural buffer with a sustainable rural settlement, we are facing yet another extension of Swindon into open countryside, with all the problems that that will engender.

Grant Shapps: I certainly recognise the problems that my hon. Friend describes, and the interesting thing is that I just do not think it needs to be like that. It is a matter of fact that other countries have already discovered the value of what we are now implementing. In future, under our incentive scheme, local authorities will not push development away across the border. In fact, they will want to welcome it into their areas. Why? Because there will be six years' worth of council tax incentive there for them if they accept it on their side of the fence. Already in places such as Sweden and Germany, areas vie to allow people to build homes, and under our scheme that can happen here in our country, too.

Where homes are on the boundary of two different authorities, is it not right that there should be an agreement between those authorities? Should they not

come to some sort of settlement? We will ensure that there is a duty to co-operate. In other words, one authority—Swindon or Wiltshire in this case—could not simply build all its homes along its boundaries. Instead the authorities would have to co-operate with each other, and we will ensure that the local plans to achieve that are signed off.

I happen to know that Swindon's local development framework is now out for consultation and therefore quite close to being filed. The previous system of local development frameworks was so incredibly complex that very few local authorities in the country—just 16%—ever got around to filing them, despite the fact that they have been around and worked on for the past four years. The one in Swindon is close, and it will now be for Swindon borough council to decide whether it wishes to go back and have another look at it before filing it, and what it wants to do with the housing demands placed on it under the regional spatial strategy. In doing so, it will want to examine its budgets and give proper consideration to the next five, 10 or 20 years, or whatever time it thinks appropriate for the needs of its community, not some random date of 2026 prescribed in a regional spatial strategy. It will be able to ask itself, "Is this appropriate or not, and how much development needs to be done to ensure that we have the budgetary means to sustain our area?"

In other words, for the first time there will be a properly joined-up system that not only puts local people back in control of their housing but provides proper incentives to ensure that in future, rather than people in any area being told where, when and how to build homes, and how many to build, local people and localism will dictate the shape of future communities.

Question put and agreed to.

10.27 pm

House adjourned.

House of Commons

Tuesday 22 June 2010

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO. 2) BILL [*LORDS*]

Lords message (15 June) relating to the Bill considered.

Resolved,

That this House concurs with the Lords in their Resolution.—*(The Chairman of Ways and Means.)*

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*]

Lords message (15 June) relating to the Bill considered.

Resolved,

That this House concurs with the Lords in their Resolution.—*(The Chairman of Ways and Means.)*

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Alternative Vote System

1. **Mr Jim Cunningham** (Coventry South) (Lab): When he expects to publish the timetable for a referendum on the alternative vote system for general elections. [3357]

The Deputy Prime Minister (Mr Nick Clegg): The Government have made clear their intention to introduce legislation providing for a national referendum on the alternative vote for future elections to the House of Commons. The appropriate timetable for that legislation and the subsequent referendum is currently being considered within Government. Further details will be announced to the House in due course.

Mr Cunningham: Given that answer, why has the Deputy Prime Minister prioritised boundary changes, as opposed to a date for a referendum on the electoral system? Can he answer that question, or has the Prime Minister leaned on him?

The Deputy Prime Minister: The coalition agreement is clear. We want to proceed with the preparations for a referendum, giving people the choice to choose a new electoral system—the alternative vote system—and, in parallel, to proceed with a review of boundaries. Reviewing boundaries in this country is not a new thing. If the hon. Gentleman would care to look back at the Parliamentary Constituencies Act 1986, which establishes the provisions for reviews of boundaries, he will see that the legislation imposes a requirement on us to keep the size of the House of Commons lower than it currently is, and to have greater equality between the sizes of constituencies. I do not think that anybody will quibble with the principle that people's votes should count equally, wherever they so happen to live.

Mr Speaker: Order. From now on we must have timely progress, with short questions and short answers.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Will my right hon. Friend give an undertaking that there will be no move to hold a referendum on voting reform on the same day as any other elections, after the ruling given by the House of Lords Select Committee on the Constitution, which said:

"we recommend there should be a presumption against holding referendums on the same day as elections"?

The Deputy Prime Minister: As I have said, we will shortly come forward—I hope to do so well before the summer recess—to set out our plans for a referendum to give people in this country the choice to choose, if they so wish, to change the electoral system to an alternative vote system.

Mr David Hanson (Delyn) (Lab): May I welcome the right hon. Gentleman to his position and give thanks to him for implementing a Labour party manifesto commitment that was not in the Conservative or Liberal Democrat manifestos? Will he reflect on the fact that in February the Liberal Democrats in this House proposed that an additional question—on the single transferable vote—should be asked in any referendum? If that was proposed again by his colleagues on the Liberal Democrat Benches, would he vote for or against it?

The Deputy Prime Minister: This from a party that back in 1997 had a manifesto commitment to hold a referendum on a change to the electoral system. The previous Government had 13 years to do that, and they did absolutely nothing. I am delighted that the right hon. Gentleman, having sat on his hands for 13 years, is finally displaying some urgency about getting on with the political reforms that his Government failed to deliver. Our coalition agreement is absolutely clear: we are going to hold a referendum on whether people want to have a new electoral system—the alternative vote system.

Fixed-term Parliaments

2. **Julian Sturdy** (York Outer) (Con): What steps he plans to take to establish fixed-term Parliaments. [3360]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): My right hon. Friend the Deputy Prime Minister and I have been working with colleagues across Government to develop our proposals, and we will announce them to the House shortly.

Julian Sturdy: I am grateful for that response, but does the Minister agree that it is vital to bring forward legislation as quickly as possible, if this new Parliament is indeed serious about restoring public trust and confidence in the House?

Mr Harper: I absolutely agree with my hon. Friend. My right hon. Friend the Prime Minister wants to bring forward those proposals—he will be the first Prime Minister who has given away the power to seek a Dissolution of this House at his choosing—and to give that power to this House, which is a promise that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) made but never delivered on.

Independent Parliamentary Standards Authority

3. **Ian Lavery** (Wansbeck) (Lab): What recent representations he has received from hon. Members on Government policy on the Independent Parliamentary Standards Authority. [3361]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): A number of hon. Members have submitted a number of written questions, which I have answered, and I was also pleased to listen to their representations in the very full Westminster Hall debate last Wednesday.

Ian Lavery: Is the Minister aware that, as a result of the policy created by IPSA, many loyal and dedicated members of staff face the prospect of redundancy or, at the very least, of savage cuts in their wages, terms and conditions. Will the Minister tell us what plans he has to ensure that hon. Members' staff are protected and not unfairly punished as a result of the expenses scandal?

Mr Harper: I am grateful to the hon. Gentleman for that question. He will know that Ministers have policy responsibility for IPSA, but are not responsible for its internal workings. He will also know that my right hon. Friend the Leader of the House has been making sure that, where the IPSA rules make it difficult for Members of Parliament to carry out their duties, information on those rules is made available. He will also know that, next week, the Speaker's Committee on IPSA will have its first meeting. A motion on today's Order Paper provides for the appointment of five Members to that Committee. At that meeting, they will consider how there can be accountability to this House.

Bob Russell (Colchester) (LD): Since last Wednesday's Westminster Hall debate, in which the right hon. Member for Tonbridge and Malling (Sir John Stanley) made it clear that IPSA was in breach of parliamentary privilege, what action has the Minister taken to ensure that IPSA is not in breach of parliamentary privilege?

Mr Harper: My right hon. Friend the Member for Tonbridge and Malling asked me whether I would advise the Standards and Privileges Committee, but that is not a matter for members of the Government. The hon. Member for Colchester (Bob Russell) himself will be appointed, if the House so desires it, to the Speaker's Committee on IPSA, and I know he will use his undoubted skills to make sure that IPSA is given correct advice so that Members of this House can do their jobs to the standards our constituents require.

Parliament (Dissolution)

4. **Chris Leslie** (Nottingham East) (Lab/Co-op): What criteria were used to decide on a 55% majority for a vote in the House to trigger a dissolution of Parliament. [3362]

6. **Kevin Brennan** (Cardiff West) (Lab): What criteria were used to decide on a 55% majority for a vote in the House to trigger a dissolution of Parliament. [3364]

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper) *rose—[Interruption.]*

Mr Speaker: Order. I recognise the extreme disapproval on one side of the House, but we must conduct proceedings in an orderly manner.

Mr Harper: I am grateful, Mr Speaker. Labour Members clearly do not want to listen to answers to their questions. The answer is that we want to make sure that no single party in this House is able to seek a Dissolution for its own party political advantage. That is why the coalition agreement makes the provision that it does.

Chris Leslie: Is it not an outrage that the Deputy Prime Minister makes such a transparent attempt to rig the way in which this House of Commons holds the Government to account? What an outrage that he sold his soul to the Conservatives to ensure that he is in office, even when his own colleagues try to undo the mess.

Mr Harper: I was having trouble detecting a question in that rather intemperate rant, Mr Speaker. I have already made it clear that my right hon. Friend the Prime Minister, who chose to walk in at exactly that moment, was the first Prime Minister to give away the power to seek a Dissolution of this House. He has given away his own power and given it back to this House. The hon. Gentleman should be grateful for that move forward.

Kevin Brennan: If this proposal passes with the support of fewer than 55% of Members, will the Minister still attempt to impose it?

Mr Harper: The hon. Gentleman should know that our proposal is about improving the powers of this House; it does not change the rules for the confidence procedures—[Hon. Members: "Answer."] If Opposition Members listen, I will. This will be taken through on the Floor of the House and the hon. Gentleman, along with all his hon. Friends, will have the opportunity to debate it in detail then.

Parliamentary Constituencies

5. **Mr Andrew Turner** (Isle of Wight) (Con): What progress he has made on his proposals to create fewer and more equally-sized constituencies. [3363]

The Deputy Prime Minister: *rose—*

Hon. Members: Hear, hear.

The Deputy Prime Minister: It is nice to get a welcome from time to time from the Opposition Benches.

The Government have announced that legislation will be introduced to provide for the creation of fewer and more equal-sized constituencies. Further details will be announced in due course, and Parliament will have the opportunity to debate the provisions in full.

Mr Turner: In 1981, the Boundary Commission for Scotland said that amalgamating the Western Isles with Skye was "unworkable or intolerably difficult", and it repeated that in its more recent review of 2005. What is the Deputy Prime Minister's view now?

The Deputy Prime Minister: Clearly, in line with existing legislation dating back to 1986, it is right for us to continue to provide for more equal constituencies in this country. *[Interruption.]* Here in London, for instance, Hackney South and Shoreditch has an electorate of just 57,204, while a few miles down the road, on the other side of London, Croydon North has 22,615 more voters. Its electorate is more than a third larger. That cannot be right.

Mr Speaker: Order. I recognise that there are people who are angry, but before we continue, let me appeal to the House to have some regard to the way in which we are viewed by the public whose support we were so recently seeking.

Mr Jack Straw (Blackburn) (Lab): On 7 June, the right hon. Gentleman told the House that he accepted the case for smaller island and heavily rural constituencies in the north of Scotland, which happened to be Liberal Democrat. Does he also accept that in urban areas there is a very heavy case load of constituents, that it is growing, and that in every urban area there are tens of thousands of citizens who are not on the electoral register and who ought to be taken into account in these calculations?

The Deputy Prime Minister: I have a simple question. Why is the right hon. Gentleman so frightened of equal-sized seats? It is extraordinary. Why does he not go back to first principles? Why is it that all he wants to do is indulge in special pleading?

There are issues of principle at stake. It is right, as the 1986 Act sets out, that we should have more equal constituencies. It is right that we should bring the size of the House of Commons down. We have a more oversized lower Chamber than any other bicameral system in the developed world. It is right, of course, that the boundary review should be conducted independently, as it will be. I do not understand for the life of me what is wrong with that.

Mr Straw: Let me make it clear that on this side of the House there is no issue about ensuring that constituencies, as far as possible, are of equal size, and there never has been. The issue is about ensuring that that process is conducted in a fair way, and that full account is taken of the 3.5 million citizens who, according to what the Electoral Commission said in March, are not currently registered to vote. It is surely fair to ensure that those individuals are taken into account in the electoral calculations.

The Deputy Prime Minister: I am as concerned as the right hon. Gentleman about the fact that there are 3.5 million people—*[Interruption.]* Well, what did you do about it for 13 years? You created the problem in the first place, and now, within a few weeks, you are complaining about it.

Let me repeat that I hear what the right hon. Gentleman says, and I understand the strength of feeling. Of course the review should be conducted independently, and of course it should be conducted fairly. I think that it is fair to have constituencies in which people's votes are equal regardless of where they live in the country. If the right hon. Gentleman wants to work co-operatively— *[Interruption.]* I know that it is extremely unpopular for any Labour Member, as was recently shown in the case of the former Secretary of State for Defence, to reach out a hand to work in co-operation with this coalition Government. Lord Prescott gets his ermine in a twist, and says that it is collaboration. What kind of new politics is that?

Several hon. Members *rose—*

Mr Speaker: Order. We will now move on to topical questions, in which, I remind the House, we have always expected faster progress. That means short questions and short answers.

Topical Questions

T1. [3367] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): If he will make a statement on his ministerial responsibilities.

The Deputy Prime Minister: As Deputy Prime Minister, I support the Prime Minister in the oversight of the full range of Government policy and initiatives. I have taken particular responsibilities for co-ordinating the Government's domestic policies through my chairmanship of the Cabinet Sub-Committee on home affairs. Within the Government, I am responsible for our ambitious programme of political and constitutional reform, supported in this House by my colleague the Parliamentary Secretary, Cabinet Office, the hon. Member for Forest of Dean (Mr Harper).

Alun Michael: In view of the Deputy Prime Minister's reference to a supporting role, may I quote him directly? He has said:

"We need to invest in the kind of things... which create jobs for our young people"

and

"help manufacturing".

Do not last week's cuts in support for young people and for Sheffield Forgemasters demonstrate that the Deputy Prime Minister is powerless within Government?

The Deputy Prime Minister: As a Sheffield MP, I suspect that I know Sheffield Forgemasters a lot better than the right hon. Gentleman does, and I will be meeting the chairman and chief executive again this Friday in Sheffield. *[Interruption.]* Let us be clear: this is an outstanding company—it is a great company. *[Interruption.]* No, the new owners have been quite open about why they sought a Government loan—because, as they have publicly stated, they felt the terms they were receiving from banks were not good enough and because they did not want to dilute their own shareholdings in the company. Do I think it is the role of Government to help out owners of companies who do not want to dilute their own shareholdings? No, I do not. Every Member of this House could identify companies that are struggling more than Sheffield Forgemasters and that would also like to receive a Government loan. To support manufacturing, we must support skills, we must invest in infrastructure and we must get the banks lending. That is what we will do; that is what Labour failed to do.

T2. [3368] **James Morris** (Halesowen and Rowley Regis) (Con): Does the Deputy Prime Minister agree that as part of his broader constitutional package, there is an opportunity to codify and formalise the relationship between central and local government in order to promote and solidify the coalition Government's localist agenda?

The Deputy Prime Minister: I strongly agree with my hon. Friend. The push for greater decentralisation, after years and years of grotesque centralisation under a Labour Government, is one of the most important changes that this coalition Government will usher in in the years ahead.

Hazel Blears (Salford and Eccles) (Lab): Four days before the general election the right hon. Gentleman asked in an interview in *The Independent* newspaper:

"What is this big society?",

and then said it is

"a well-oiled PR machine, but basically it's disguising fake change. It's hollow. There's nothing in it."

Does he still hold that view about a fundamental philosophy of the Conservative party?

The Deputy Prime Minister: I hold the view, as I always have done—*[Interruption.]*

Mr Speaker: Order. We must hear the Deputy Prime Minister.

The Deputy Prime Minister: I hold that view that it is important to give people back their liberty where it has been taken away from them, that it is important to give them back privacy where that has been taken away from them, and that it is important to give back power to communities where that has been taken away from them. That is the kind of liberal society I believe in.

T3. [3369] **Mr Peter Bone** (Wellingborough) (Con): The Liberal Democrat election manifesto, "Change that works for you", says:

"The European Union has evolved significantly since the last public vote on membership over thirty years ago. Liberal Democrats therefore remain committed to an in/out referendum."

I do not know whether that works for you, Mr Speaker, but it certainly works for me. Is that what we are going to do?

The Deputy Prime Minister: Unlikely alliances abound, Mr Speaker. I am grateful to my hon. Friend for that question. As he knows, the coalition agreement sets out very clearly that we will not agree to any further transfer of powers from this Parliament, and from London and Whitehall to Brussels and Strasbourg, and if there were any proposal to do so, we will introduce legislation this autumn—a referendum lock—that will guarantee that the British people finally have their say.

Mr David Lammy (Tottenham) (Lab): What message does the Deputy Prime Minister think it sends out about a new politics to redraw the electoral map on the basis of a register that excludes a third of all black people and half of all young people?

The Deputy Prime Minister: As I said, we are all concerned, on both sides of this House, that 3.5 million people are not on the electoral register. I say again, however, that if the right hon. Gentleman is so concerned now, why did he not voice his concerns when he was in government? His Government legislated to introduce individual electoral registration, but they did it at a very leisurely pace that will not actually lead to compulsory electoral registration during this Parliament. [Hon. Members: "Answer the question."] I am. That is why we are looking at whether we can accelerate individual electoral registration.

T4. [3370] **Mr Douglas Carswell** (Clacton) (Con): My right hon. Friend rightly wants new steps to ensure that lobbying is legitimate advocacy, not undue influencing. Will he please extend the scope of his review to deal with the revolving door between top officials in Whitehall and big corporations? Will he consider restrictions beyond those already in place to ensure that public procurement rip-offs cannot be brought through the revolving door?

The Deputy Prime Minister: We will bring forward proposals on lobbying. Lobbying is a legitimate activity as long as it is out in the open, and we will ensure that there is a statutory register of all lobbyists so that that is completely above board and entirely transparent. My right hon. Friend the Prime Minister has introduced a new code for Ministers and for special advisers which will make sure that the period of time between special advisers in particular leaving Government and then seeking employment in lobbying companies is significantly lengthened.

Mr Nigel Dodds (Belfast North) (DUP): Is the 55% Dissolution trigger for this Parliament or for every Parliament? If it is for every Parliament, how does the Deputy Prime Minister intend to make it stick given that he cannot bind successor Parliaments?

The Deputy Prime Minister: It is an important constitutional change—I recognise that. We believe that it is right to separate the power to pass a motion of no confidence in a Government from the power to pass a motion of Dissolution. Let us be clear about why we are doing this. We are doing it because we want to introduce fixed-term Parliaments. My right hon. Friend the Prime Minister is the first Prime Minister to give up his power to dissolve Parliament. I should have thought that the right hon. Gentleman and all Members of the House would welcome that change. However, we all understand that the proposed 55% figure is controversial. It is up for discussion and scrutiny, and if the case is made that another figure might be better, of course we are open to those arguments.

T5. [3371] **Robert Halfon** (Harlow) (Con): Does the Deputy Prime Minister not find it astonishing that some Members of this House do not believe that every vote should have equal value? People in Harlow and the villages hope that their say at the ballot box will one day have as much weight as everyone else's, with fairer and more equal-sized constituencies.

The Deputy Prime Minister: I agree with my hon. Friend. We have a general problem. The Labour party has leapt from being in government, where it created endless problems, to coming into opposition and airbrushing those problems from the record altogether. Labour Members used to talk about fairness, reform and constitutional change. They now talk about manufacturing, but manufacturing declined three times faster under Labour than it did under previous Conservative Administrations.

Ms Angela Eagle (Wallasey) (Lab): Will the Deputy Prime Minister tell the House what the average size of a public sector pension in the civil service is as we speak, so that we can understand what he means by "gold-plated"?

The Deputy Prime Minister: That is a matter for the Budget. As the Chancellor of the Exchequer has already announced, a former Secretary of State for Defence will be providing a review of public sector pensions. I think it is right to look at the fundamental balance between pension entitlements in the private sector, which have been cut back and have changed very dramatically—many people in the private sector, too, have been working shorter hours and taking, in effect, pay cuts—and the pension entitlements due to those in the public sector. It is the fair thing to do to look at pensions in the round. That is what this Government will do and what the hon. Lady's Government failed to do for more than a decade.

T6. [3372] **Miss Anne McIntosh** (Thirsk and Malton) (Con): The Deputy Prime Minister will be aware that every time we change the voting system, such as the introduction of proportional representation to European Parliament elections, the turnout goes down. That is probably one of the biggest challenges he faces. What solution can we find to ensure that turnout remains high when we introduce new electoral systems?

The Deputy Prime Minister: I am not sure whether there is such an intimate link between electoral systems and turnout. Turnout seems to me to be dependent on whether the contest is close and whether there are issues being debated in the election contest that engage people. That is something that those on both sides of the House should always strive to do at election time.

T7. [3373] **Miss Anne Begg** (Aberdeen South) (Lab): I have heard the Deputy Prime Minister say that he is concerned that 3.5 million people are missing from the register, including groups such as those with learning disabilities, but I have not heard what he is going to do about it, apart from individual registration, which might make the problem worse. What is he going to do to ensure that those numbers go up on the electoral register?

The Deputy Prime Minister: It is clearly a complex problem or, I assume, the hon. Lady and her Government would have done something about it in the past 13 years. I think that individual electoral registration is the absolute key, but as we said in the debate here on another occasion, it is crucial to make sure that individual electoral registration is properly resourced and is conducted with care. If it is done too quickly and is not resourced properly, she is right that there is a risk of making the problem worse. That is something that we must avoid at all costs.

T8. [3374] **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): I welcome my right hon. Friend's review of the workings of the upper House. Does he agree that perhaps the time has come to consider the fact that the hereditary principle is wrong on principle?

The Deputy Prime Minister: Yes.

T9. [3375] **Grahame M. Morris** (Easington) (Lab): May I draw the Deputy Prime Minister's attention to the "Crimewatch" most wanted list? Second on the list is one Michael Brown, wanted for defrauding £8 million from former Manchester United chairman Martin Edwards. He also donated £2 million in cash to the Lib Dems in 2005. Does the Deputy Prime Minister have any information about his whereabouts and if so will he call the City of London police or Crimestoppers in confidence on 0800 555 111?

The Deputy Prime Minister: No, interestingly enough I do not have any information on his whereabouts. If I did, I should of course be sure to pass it on. It is clear—*[Interruption.]*

Mr Speaker: Order. This is very discourteous to the Deputy Prime Minister and I do not think that the public like it. Above all, I want to hear the answer from the Deputy Prime Minister.

The Deputy Prime Minister: Talk about the great disappeared—where is the former Prime Minister and where are all the leadership candidates? The contest for the Labour party leadership increasingly resembles a political version of "Big Brother". They are just talking to themselves. The rest of the country lost interest ages ago and just wants it to finish.

T10. [3376] **Charlie Elphicke** (Dover) (Con): Once claiming to be the political arm of the British people, now Labour are the defenders of rotten boroughs and pocket boroughs under trade union sponsorship. Will the Deputy Prime Minister bring forward a great reform Bill so that we can have a people's Parliament fit for the new millennium?

The Deputy Prime Minister: I certainly agree with the zeal with which my hon. Friend wishes us to pursue political and constitutional reform. It remains extraordinary that a party that used to call itself progressive and a party of reform failed to do anything fundamentally to reform our politics. We will now do it because the Labour Government failed to do so.

Chris Ruane (Vale of Clwyd) (Lab): The right hon. Gentleman made reference to the leisurely time scale for the introduction of individual registration, but it was a long time scale to ensure that the missing 3.5 million people were back on the register before the introduction of individual registration. If he is to speed up one—the introduction of individual registration—will he speed up the other and get those 3.5 million people back on the register?

The Deputy Prime Minister: As I said, we need to proceed with care and make sure that the system is properly resourced. As the hon. Gentleman rightly said, the present timetable is for voluntary individual registration to continue until, I think, 2015 before a compulsory phase is introduced. We are actively looking at whether that is feasible and justifiable and whether we can resource an acceleration of the timetable. We have not yet decided on that.

Greg Mulholland (Leeds North West) (LD): The unfinished business of devolution is the situation England finds itself in. Will my right hon. Friend tell us what plans the coalition Government have to address that?

The Deputy Prime Minister: We will be establishing a commission—[HON. MEMBERS: "Ooh!"] Does the jeer indicate impatience for action? Is that right—we want a bit of action? Well, that's what we saw over the last decade and a bit.

We will be establishing a commission to examine the West Lothian question.

ATTORNEY-GENERAL

The Attorney-General was asked—

Crown Prosecution Service (South-west)

2. **Mr Gary Streeter** (South West Devon) (Con): What recent assessment he has made of the performance of the Crown Prosecution Service in the south-west. [3378]

The Attorney-General (Mr Dominic Grieve): May I first pay tribute to my predecessors Baroness Scotland and Vera Baird QC? The Solicitor-General and I both hope that we will be able to follow their tradition in our dealings with Parliament.

The last area performance inspection of the CPS Devon and Cornwall by Her Majesty's Crown Prosecution Service inspectorate was in July 2007. Performance was rated as good, an improvement on the previous assessment in 2005, which rated the area as poor. There is a structure for monitoring area performance, including regular performance meetings between the chief operating officer of the CPS and the area chief Crown prosecutor. The performance of CPS Devon and Cornwall for 2009-10 was assessed as poor in one indicator—proceeds of crime—good in four of 11 indicators and excellent in another four of 11 indicators.

Mr Streeter: I am grateful to my right hon. and learned Friend for his comprehensive response. Will he encourage the Crown Prosecution Service to leave behind its tick-box obsession with conviction rates, become more robust in prosecuting the perpetrators of low-level crime and antisocial behaviour and help to restore public confidence in the criminal justice system?

The Attorney-General: I am very much aware that my hon. Friend has taken a close personal interest in this issue in his area. He will understand that each case must be scrutinised by a prosecutor under the tests set out in the code for Crown prosecutors. There is a duty in each case to keep that under review, in accordance with the evidence available. In some cases, if the police provide more information, that can result in a charge having to be reduced and, in some cases, lesser pleas accepted. But I agree with my hon. Friend that errors can happen, and if a case is brought to his attention that troubles him in this respect, he should, of course, contact me or the Solicitor-General and we will ensure that it is inquired into.

Kerry McCarthy (Bristol East) (Lab): Does the right hon. and learned Gentleman agree that the success of the CPS cannot always be judged by prosecution and, indeed, conviction rates? May I urge him to look at what has been done in Bristol to tackle the problem of on-street sex work? We are using conditional cautions, and the CPS is working with projects such as One25 to try to tackle the root cause of the problem, rather than just taking it through the courts over and again.

The Attorney-General: Yes, I entirely agree with the hon. Lady. Good work is being done by the CPS, in conjunction with the police, to try to ensure that crime of that nature is reduced without necessarily going through the courts. Equally, it is right to say—the CPS understands this very well—that the use of conditional cautions must not serve as a device to avoid proper convictions being recorded in court against people who ought to be brought before the courts.

Domestic Violence

3. **Ian Mearns** (Gateshead) (Lab): If he will take steps to increase the rate of prosecution in cases of domestic violence. [3379]

The Solicitor-General (Mr Edward Garnier): May I begin by congratulating the hon. Gentleman on his election?

The Government take domestic violence very seriously. The Law Officers support the work that the Crown Prosecution Service is undertaking to increase the rate of prosecution in such cases. The increase in the provision of specialist domestic violence courts, the training of all CPS prosecutors in domestic violence cases and improvements in support and safety for victims have all led to an increase in the rate of prosecutions leading to a conviction. The CPS works with other agencies to ensure that, where possible, the evidence is available to prosecute such cases effectively.

Ian Mearns: Has any additional consideration been given to making special provisions for children where cases of domestic violence occur in settings where children are present or where children are victims or witnesses to acts of violence in their own homes?

The Solicitor-General: It is estimated that about 750,000 children witness domestic violence during any given year. Clearly, a great deal needs to be done to ensure not only that those children are protected, but that, if appropriate, they can give evidence in courts in such a way that does not frighten them and that leads to proper convictions being arrived at. The hon. Gentleman makes a good point that will certainly be considered further.

Mrs Helen Grant (Maidstone and The Weald) (Con): What plans does my hon. and learned Friend have for victims who have no recourse to public funds?

The Solicitor-General: It depends on what my hon. Friend means by the phrase "recourse to public funds". A number of victims will be protected or assisted by independent domestic violence advisers. We now have 141 specialist domestic violence courts. As she will know from her private practice as a family lawyer, people can be assisted in a number of ways. The main thing is to ensure that they know what is available and that they can be assisted before, during and after the court hearing.

Rape Allegations

4. **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): What recent discussions he has had with the Director of Public Prosecutions on policy on the prosecution of cases involving allegations of rape. [3380]

The Attorney-General: I have had discussions with the Director of Public Prosecutions on a range of criminal matters and will continue to do so as and when issues arise. Rape is one of the most serious and damaging of all crimes, and I support the current work that the Crown Prosecution Service is undertaking with other agencies to improve the way in which prosecutions are conducted and victims are treated in such cases. If there are to be any changes to the law or procedure in respect of rape trials—for example, the introduction of anonymity for defendants in such cases—as my right hon. and learned Friend the Lord Chancellor made clear last week, they will take place only after the issues involved have been fully researched and debated. The views of all those with relevant knowledge and expertise, including the Director of Public Prosecutions, will be fully taken into account.

Jim Dobbin: Victims of rape need to feel confident that those accused of rape will be treated as serious offenders. Does the Attorney-General agree that extending anonymity to those defendants will stop victims coming forward and send a signal that it will be difficult to accuse people?

The Attorney-General: I do not think that it will in any way lessen the seriousness of the matter; on the contrary, it will emphasise the seriousness. The hon. Gentleman should bear in mind that anonymity for defendants in rape cases existed between 1976 and 1988. Indeed, I defended rape cases over that period and saw that trials were conducted without difficulty and with no lessening of the gravity of the offence. However, such matters can and will be debated, and if they are debated with a proper emphasis on detail, I believe that we will reach the right solutions.

Sir Alan Beith (Berwick-upon-Tweed) (LD): If we go down the road of balancing victim anonymity with anonymity for the person accused, is not the important consideration that if the prosecution has good reason to believe that evidence will be brought to light if the identity is known, it should be possible to waive anonymity?

The Attorney-General: Yes; my right hon. Friend makes an important point. I have no doubt that that issue is one of those that can be examined. It is worth bearing in mind that the existing anonymity for complainants has the consequence, for example, that there are occasions when a history of false complaints made to someone other than the police does not come to light before a trial takes place. However, that has not been put forward as an argument for removing anonymity for complainant victims. He is correct, however, that such matters can all be looked at properly when we examine this area of the law.

Maria Eagle (Garston and Halewood) (Lab): May I begin by welcoming the right hon. and learned Gentleman and the Solicitor-General to their posts—it must be like going back to chambers? I also thank the right hon. and learned Gentleman for the kind words about his predecessors that he set out at the beginning of Question Time, which were gratefully received by Labour Members.

There has been a lot of confusion about this area of policy. The right hon. and learned Gentleman has, like several of his colleagues, spoken about the matter as if we were conducting a debate, but I remind him that the coalition agreement states that anonymity will be extended to defendants in rape cases. Will he lead the Government from the front by admitting that they have got this wrong, accepting that they have made a mistake and dropping this disastrous and retrograde policy?

The Attorney-General: I am grateful for the hon. Lady's welcome; indeed, I welcome her to her role of shadowing the Law Officers in the House. She will be aware that my role is to provide legal advice about policy decisions made by the Government, and she can be reassured that I will ensure that exactly that happens.

As for this policy, my right hon. and learned Friend the Lord Chancellor made it clear when answering questions last week that he wished to engage in a debate to examine this procedure and area of the law, which have caused concern. That is exactly what I invite the House to do, in the spirit in which such debate should be conducted.

Crown Prosecution Service

5. **Mr Philip Hollobone** (Kettering) (Con): How long on average it took for the Crown Prosecution Service to decide whether to prosecute in cases referred to it in (a) Northamptonshire and (b) England in the latest period for which figures are available. [3381]

The Solicitor-General: During the year ending May 2010, the Crown Prosecution Service took an average of 13.6 days to complete a pre-charge decision in Northamptonshire, and 8.1 days in England as a whole.

Mr Hollobone: What encouragement and advice can my hon. and learned Friend offer to Northamptonshire CPS so that it improves its performance and gets up to the national average?

The Solicitor-General: I have absolutely no doubt that my hon. Friend, who is my parliamentary neighbour, will give his own encouragement to his local CPS. A lot has been done, although a great deal more can be done, and I am sure that, between us, we will keep Northamptonshire CPS up to the mark.

Keith Vaz (Leicester East) (Lab): I welcome the Solicitor-General, who is my near neighbour, to his new post.

When Members of Parliament write to the CPS to make representations on behalf of constituents about cases that it is considering, are there any guidelines on how long it should take the chief Crown prosecutor to write back to them?

The Solicitor-General: All letters from Members of Parliament, whether to the headquarters of the Crown Prosecution Service, or to the chief Crown prosecutor for a particular area should be answered speedily. Occasionally, work has to be done to provide a full answer, and I am sure that the right hon. Gentleman, whom I thank for his kind remarks, will understand that it is better to receive a thorough answer a few days late than a half answer on time.

In-house Advocates

6. **Mr Robert Buckland** (South Swindon) (Con): If he will estimate the cost to the public purse of the use by the Crown Prosecution Service of in-house advocates in the Crown court in the latest period for which figures are available. [3382]

The Attorney-General: In 2009-10, the full cost incurred by the Crown Prosecution Service of in-house advocate deployment in the Crown court was £18,552,313. The CPS estimates that it would have cost £27,833,588, excluding VAT and fees, to use self-employed advocates for that work, representing a saving of £9,281,275, excluding VAT. I acknowledge that the methodology for calculating the cost of Crown advocate deployment has been disputed by the Bar Council. I understand that discussions are taking place between the CPS and the Bar Council to try to resolve the matter and to look more generally at sustaining the role of self-employed advocates in the Crown court.

Mr Buckland: Will my right hon. and learned Friend go further and accept that the best guarantee of cost-effectiveness and quality in the Crown court is the independent bar?

The Attorney-General: I can reassure my hon. Friend that there is widespread recognition, including by the CPS itself, that the referral bar has an important role to play in the prosecution of offences, and that that must be sustained. It is my intention, working with the head of the CPS, to ensure that that happens.

Rape Allegations

7. **Kevin Brennan** (Cardiff West) (Lab): What recent discussions he has had with the Director of Public Prosecutions on the prosecution of cases involving allegations of rape. [3383]

The Attorney-General: I refer the hon. Gentleman to the answer that I gave to Question 4.

Kevin Brennan: Does the Attorney-General agree with the Lord Chancellor that there should be a free vote on this?

The Attorney-General: It will be for Government members who are introducing the policy to decide whether that matter should be subject to a free vote or not.

Domestic Violence

8. **Karl Turner** (Kingston upon Hull East) (Lab): What recent representations the Crown Prosecution Service has received on steps to increase the rate of prosecution in cases of domestic violence. [3384]

The Solicitor-General: Again, I congratulate the hon. Gentleman on his election to the House. Records of representations received by local CPS offices are not kept centrally. I can tell him, however, that the Director of Public Prosecutions has not received any recent representations on steps to increase the rate of prosecutions in cases of domestic violence.

Karl Turner: May I ask the Solicitor-General what he proposes to do to build on the success of the Labour Government in tackling domestic violence?

The Solicitor-General: That is a wide question that I do not have time to answer, except in an Adjournment debate. As I said in my answers to the hon. Gentleman's hon. Friends at the beginning of Question Time, the Government take domestic violence every bit as seriously as the previous Government. It is worth noting, however, that the Domestic Violence, Crime and Victims Act 2004 included a power to introduce restraining orders. Until I reminded the then Government during the course of debates on the Coroners and Justice Act 2009 of those powers, they did nothing about introducing restraining orders for four or five years. Their record was therefore rather patchy.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission was asked—

Boundary Review (Constituencies)

1. **Mr David Hanson** (Delyn) (Lab): What discussions the Electoral Commission has had with Ministers on timing of the next parliamentary boundary review. [3387]

Mr Gary Streeter (South West Devon): The Electoral Commission has no statutory responsibilities in relation to parliamentary constituency boundaries, which are the responsibility of the four boundary commissions for the United Kingdom. The Electoral Commission has therefore had no discussions with Ministers about the timing of the next parliamentary boundary review.

Mr Hanson: Will the hon. Gentleman make sure that the Electoral Commission makes representations to boundary commissioners and, indeed, to Ministers to ensure that before any boundary review takes place, registration in constituencies rises and that activity is under way to increase it so that the 3.5 million people who are missing are put back on the register, and that any future boundaries truly reflect those who live within constituency boundaries?

Mr Streeter: I will obviously pass on the right hon. Gentleman's comments to the Electoral Commission but, as I said, it has no responsibility for the boundary review. It is, however, concerned about low voter registration, and it estimates that between 8% and 9% of the eligible population in England and Wales is not registered. It is working with electoral registration officers and others to try to improve the position.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Women Bishops

2. **Diana R. Johnson** (Kingston upon Hull North) (Lab): What progress the Church of England has made on proposals to enable women to be consecrated as bishops. [3388]

The Second Church Estates Commissioner (Tony Baldry): Before I answer that question, may I pay tribute to my predecessor, the hon. Member for Middlesbrough (Sir Stuart Bell)? He has been the longest serving Second Church Estates Commissioner ever, and he did an excellent job. The legislation to enable women to become bishops reaches the General Synod's equivalent of Report early next month in York. Depending on what is decided there, the legislation will then go to the 44 diocesan synods, and I understand that the earliest date that the General Synod can take a final decision, and when the matter can eventually come before the House, is 2012.

Diana R. Johnson: I welcome the hon. Gentleman to his new role. Does he not agree that the intervention of the two archbishops, with their proposal on the legislation to enable women to become bishops, will create a two-tier system of bishops? Women will no doubt be on the lower tier, and does that not send out completely the wrong message from the established Church of this country about the role of women bishops?

Tony Baldry: I thank the hon. Lady for her kind words at the beginning of her question. There are clear majorities in the General Synod in favour of women becoming bishops, but, as the proposals by the Archbishops of Canterbury and York yesterday demonstrated, there are still efforts to try to find ways to reconcile those who have deep-held opposition to the measure. Under legislation, it is important that the Church decides the way forward, and we should give it the space to do so. However, it is also very important that the Church hears the voices of this House about how we see those matters, because ultimately the issue will have to come back to this House.

Church Repairs (VAT)

3. **Miss Anne McIntosh** (Thirsk and Malton) (Con): What recent representations the Church Commissioners have received on the rates of value added tax applicable to church repairs. [3389]

Tony Baldry: The General Synod at its February meeting made it clear how important it feels the listed places of worship scheme is. The scheme has managed to rebate some £12 million back to listed churches each year, and that is particularly important when a system has not yet been found for the European Union to remove VAT on repairs to listed places of worship.

Miss McIntosh: May I congratulate my hon. Friend on his appointment and pay tribute to his predecessor? Will my hon. Friend look at removing the anomaly between the high rate of VAT on church repairs and the zero rate of VAT on new buildings? Will he, indeed, campaign for a lower rate of VAT throughout the European Union—*[Interruption.]*

Mr Speaker: Order. Before the hon. Gentleman replies, I must say that there is still quite a hubbub from Government Back Benchers, and it is being contributed to by members of the Government. Surely they want to hear the answers from the Second Church Estates Commissioner.

Tony Baldry: I remind any colleagues interrupting that it was Gladstone who observed that the most important business of the House was Prayers at the start of the day.

My hon. Friend has been an assiduous campaigner in supporting repairs for church buildings, and the simple fact is that each year the Church of England spends £110 million on repairing and renovating listed churches. The vast majority of that money comes from church congregations and local communities, and, even in these straitened times, we have to come to a collective view on whether we are going to maintain that very important part of our national fabric and heritage.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission was asked—

Unregistered Voters

4. **Ann McKechin** (Glasgow North) (Lab): What discussions the Electoral Commission plans to hold with electoral registration officers in Scotland on the conclusions of its recent report on unregistered voters. [3390]

Mr Gary Streeter (South West Devon): The Electoral Commission is concerned about the levels of voter registration in the United Kingdom, including Scotland, and it has met the electoral registration officers who took part in its recent research. It has met also all electoral registration officers in Scotland to discuss the recent findings and to seek improvements in Scotland's registration levels.

Ann McKechin: I am grateful to the hon. Gentleman for his reply. He will be aware that the report revealed that more than 100,000 of Glasgow's citizens were not registered. That is three times the entire electorate of Orkney and Shetland. Will the Electoral Commission request an urgent meeting with the Secretary of State for Scotland to ensure that proper resources are now provided as a matter of urgency in order to resolve that disgraceful position?

Mr Streeter: I shall certainly pass on the hon. Lady's comments to the Electoral Commission, but it is already working with electoral registration officers in Glasgow. She is right to point out that the recent research demonstrated worrying levels of voter registration, and it seems that that has been going on for some time. Everyone is working hard to try to put that matter right, but the primary focus is on the electoral registration officers in Glasgow. However, I shall pass her comments on to the Electoral Commission.

Close of Polls (Voting)

5. **Dr Alan Whitehead** (Southampton, Test) (Lab): What recent representations the Electoral Commission has received on whether ballot papers may be issued to those within the precincts of polling stations at 10 pm on polling day who signify their intention to vote. [3391]

Mr Streeter: The Electoral Commission informs me that it has received representations from voters, candidates, political parties, returning officers, Members of Parliament and professional bodies regarding queues at some polling stations on 6 May. In its urgent report, published two weeks after the general election, the commission identified a total of 27 polling stations in 16 constituencies where it was able to confirm that there were problems with queues at the close of poll. At least 1,200 people were affected. The commission has recommended that the law should be changed to make it clear that any elector who is entitled to vote and who is in the queue to enter the polling station at the close of poll will be allowed to vote. This will require primary legislation.

Dr Whitehead: I thank the hon. Gentleman for his answer. He is also aware that the Electoral Commission has indicated that legislation to ensure that voters within the precinct receive a ballot paper could take the form of a one-clause piece of legislation—an amendment to the Representation of the People Act 2000. Will he press the Government to ensure that time is made available for this urgent piece of legislation early in this Session to ensure that those who present themselves for voting at a polling station do indeed get their ballot papers?

Mr Streeter: It is not for me to press the Government on any issue, but I am sure that those who are sitting on the Front Bench today will have heard the hon. Gentleman's representations. This is a matter of concern. The Electoral Commission is of the view that primary legislation is required; and certainly, in its discussions with the Government, it will be urging them to respond in an appropriate manner.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Listed Places of Worship

6. **Jessica Morden** (Newport East) (Lab): What recent discussions the Church Commissioners have had with the Chancellor of the Exchequer on the operation of the listed places of worship scheme. [3392]

The Second Church Estates Commissioner (Tony Baldry): Members of the Archbishops Council's church buildings division have already had initial, very useful meetings with Ministers in the Department for Communities and Local Government and with Treasury Ministers, and we hope that those constructive meetings will continue.

Jessica Morden: I have had many representations from local churches whose congregations are struggling to meet the cost of repairs and are dependent on this scheme continuing. In his discussions with the Government, will the hon. Gentleman emphasise that the beauty of the scheme, which was brought in by the previous Government, is that it applies to all listed places of worship, not just those that are eligible for things such as the heritage lottery grant?

Tony Baldry: The hon. Lady makes a good point. As I said in my reply to my hon. Friend the Member for Thirsk and Malton (Miss McIntosh), as a society we have to take a decision about how we maintain what is a very important part of our national built heritage. There are 16,000 parish churches throughout this country. English Heritage estimates that it would cost £800 million a year to maintain them properly; at present, we are spending only about £100 million, most of which comes from local communities and congregations.

7. **Peter Bottomley** (Worthing West) (Con): When the responsibilities of the Second Church Estates Commissioner in respect of this House were last reviewed. [3393]

Tony Baldry: I am beginning to get to grips with the responsibilities of this post, which was established by the Ecclesiastical Commissioners Act 1850. I would say at this stage that I will try to have the same broad approach to answering questions on behalf of the Church as did my predecessor. I hope that I can be a helpful conduit between the Church and this House, and this House and the Church.

Peter Bottomley: My hon. Friend is admirably suited to following the hon. Member for Middlesbrough (Sir Stuart Bell) in this post. Will he pass back to the Synod the fact that we look forward in this House to having bishops chosen on merit, recognising that sex is not merit and that the Synod can throw out proposals that it does not like?

Tony Baldry: As I said in response to an earlier question, it is very important that the General Synod and the Church should hear the voices of this House, and I am sure that they will have heard, and will hear, the voice of my hon. Friend.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for South West Devon, representing the Speaker's Committee on the Electoral Commission, was asked—

Overseas Donations (Political Parties)

8. **John Mann** (Bassetlaw) (Lab): What recent representations the Electoral Commission has received on the adequacy of its powers to investigate donations from overseas to political parties. [3394]

Mr Gary Streeter (South West Devon): The Political Parties and Elections Act 2009 strengthens the commission's investigatory powers, subject to the necessary secondary legislation, which is currently before Parliament. The commission has recently consulted on its proposed enforcement policy, which sets out how it intends to exercise those powers, and has received a number of representations in response to the consultation.

John Mann: Michael Ashcroft and his pals spent £250,000 trying to remove me from my seat. *[Interruption.]* I am pleased to report to the House that Labour increased its majority. Why is the Electoral Commission unable to find out how much of Ashcroft's money comes from

abroad, why does the Tory party refuse to help it, and why does the commission not have the powers to hold the Tory party accountable for its failure to reveal precisely where the Ashcroft money comes from?

Mr Streeter: In all the hubbub, I could not quite hear whether the hon. Gentleman was saying Lord Ashcroft or Lord Paul.

The hon. Gentleman knows that individual investigatory matters are not brought before the Speaker's Committee. I am aware, however, that he has made a complaint, and the Electoral Commission will respond to it in due course.

Boundary Review (Constituencies)

9. **Andrew George** (St Ives) (LD): What recent representations the Electoral Commission has received on proposals for the review of parliamentary constituency boundaries. [3395]

Hon. Members: Hurry up.

Mr Streeter: Sorry for the delay, Mr Speaker; I thought we had moved on to the Budget.

The Electoral Commission informs me that it has received a number of representations from the public, elected representatives and others about proposals for the review of parliamentary constituency boundaries. However, as the commission has no statutory responsibilities in relation to those boundaries, any representations that it has received on the proposals have been referred to the relevant parliamentary boundary commission.

Andrew George: I am grateful to the hon. Gentleman. Further to the point made earlier by the right hon. Member for Delyn (Mr Hanson), given the fact that there are variations in registration across the country, will the hon. Gentleman make representations to Ministers in view of the impact that those variations will have on future boundaries?

Mr Streeter: I am happy to confirm that I will do precisely that.

Close of Polls (Voting)

10. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What recent representations the Electoral Commission has received on issuing ballot papers to voters who arrive at polling stations before the time specified for the close of polls at a general election. [3396]

Mr Streeter: The Electoral Commission informs me that it has received representations from voters, candidates, political parties, returning officers, Members of Parliament and professional bodies regarding queues at some polling stations on 6 May. In its urgent report published two weeks ago after the general election, the commission identified a total of 27 polling stations in 16 constituencies where it was able to confirm that there were problems with queues at the close of the poll.

Simon Hughes: Will the hon. Gentleman ask his Committee to write urgently to the Ministers responsible, so that we can put right the legislation that currently prevents people who turn up to vote in time from being able to do so? That could and ought to be done this year, and with the Committee's support it will be.

Mr Streeter: It is certainly the view of the Electoral Commission that the matter can in part be put right through a change in the law. The commission is encouraging the Government to introduce appropriate primary legislation.

Speaker's Statement

12.32 pm

Mr Speaker: I will now announce the result of the ballot held today for the election of the Chair of the Backbench Business Committee. Natascha Engel received 202 votes; Sir Alan Haselhurst received 173 votes. Natascha Engel is elected Chair of the Committee, and I congratulate her upon her election.

Ways and Means

Financial Statement

Mr Deputy Speaker (Mr Lindsay Hoyle): Before I call the Chancellor of the Exchequer, it may be for the convenience of hon. Members if I remind them that at the end of the Chancellor's speech, copies of the Budget resolutions will be available to them in the Vote Office. For the benefit of new Members, I add that it is not appropriate, or allowed, to intervene on either the Chancellor or the Leader of the Opposition.

12.33 pm

The Chancellor of the Exchequer (Mr George Osborne): This emergency Budget deals decisively with our country's record debts. It pays for the past, and it plans for the future. It supports a strong, enterprise-led recovery, it rewards work and it protects the most vulnerable in our society. Yes, it is tough, but it is also fair.

This is an emergency Budget, so let me speak plainly about the emergency that we face. The coalition Government have inherited from their predecessors the largest budget deficit of any economy in Europe, with the single exception of Ireland. One pound in every four we spend is being borrowed. What we have not inherited from our predecessors is a credible plan to reduce their record deficit—this at the very moment when fear about the sustainability of sovereign debt is the greatest risk to the recovery of European economies. Questions that were asked about the liquidity and solvency of banking systems are now being asked about the liquidity and solvency of some of the Governments who stand behind those banks. I do not want those questions ever to be asked of this country. That is why we have set a brisk pace since taking office.

In the past seven weeks, we have announced, conducted and completed a review of this year's spending and identified £6 billion of savings. We have announced, established and received the report of the independent Office for Budget Responsibility. The power that the Chancellor has enjoyed for centuries to determine the growth and fiscal forecasts now resides with an independent body immune to the temptations of the political cycle. And we have examined, decided on and in some cases halted the mass of unfunded commitments, IOUs and overcommitted reserves that greeted us on entering office.

This is early, determined action, and it has earned us credibility in international markets. It has meant that our promise to deal decisively with the deficit has been listened to. Market interest rates for Britain have fallen over the past seven weeks, while those of many of our European neighbours have risen. Those lower market interest rates are already supporting our recovery.

But unless we now deliver on that promise of action with concrete measures, that credibility—so hard won in recent weeks—will be lost. The consequence for Britain would be severe: higher interest rates, more business failures, sharper rises in unemployment, and potentially even a catastrophic loss of confidence and the end of the recovery. We cannot let that happen. This Budget is needed to deal with our country's debts. This Budget is needed to give confidence to our economy. This is the unavoidable Budget.

I am not going to hide hard choices from the British people or bury them in the small print of the Budget documents. The British public are going to hear them straight from me, here at this Dispatch Box. Our policy is to raise from the ruins of an economy built on debt a new, balanced economy, where we save, invest and export; an economy where the state does not take almost half of all our national income, crowding out private endeavour; an economy not overly reliant on the success of one industry, financial services—important as they are—but where all industries grow; an economy where prosperity is shared among all sections of society and all parts of the country. In this Budget, everyone will be asked to contribute. But in return, we make this commitment: everyone will share in the rewards when we succeed. When we say that we are all in this together, we mean it.

The first challenge for this Budget is to set the fiscal mandate—in other words, our overall objective for the public finances. The previous Government had two fiscal rules, one for debt and one for the current Budget. They were supposed to force Chancellors to set aside money in the good years so that they could borrow sustainably when the economy turned down. They completely failed in that task.

As this is the last Budget in which this golden rule will appear, I would like to be the last Chancellor to report on it. We are set to miss the golden rule in this cycle by £485 billion. We now know the intrinsic weakness in backward-looking fiscal rules: past prudence was an excuse for future irresponsibility; and the judge of the rules was the very same Chancellor they were supposed to be restraining. We propose a more credible approach.

Our fiscal mandate will be forward-looking, and the judge of whether we are on course to meet it will be not the Chancellor, but the independent Office for Budget Responsibility. On behalf of the House, I thank Sir Alan Budd and his fellow committee members, Geoffrey Dicks and Graham Parker, for their highly professional effort. In the space of just seven weeks, I believe we have established the Office for Budget Responsibility as a permanent improvement to economic policy-making and the transparency of government. The legislation to put the office on a statutory footing will now be drawn up and I hope it will command all-party support.

I now turn to what that fiscal mandate will be. The view of the international community was clearly expressed at the latest G20 meeting, and we will be taking the same message to the G20 summit in Toronto this weekend. Surplus countries should do more to support global demand. So we welcome China's announcement to come off the dollar peg. At the same time, the international community believes countries with high fiscal deficits need to accelerate the pace of fiscal consolidation. That is precisely what we now propose to do. The formal mandate we set is that the structural current deficit should be in balance in the final year of the five-year forecast period, which is 2015-16 in this Budget. This mandate is structural, to give us flexibility to respond to external shocks; current, to protect the most productive public investment; and credible, because the OBR, not the Chancellor, will decide on the output gap.

In order to place our fiscal credibility beyond doubt, this mandate will be supplemented by a fixed target for debt, which in this Parliament is to ensure that debt is falling as a percentage share of GDP by 2015-16. I can confirm that, on the basis of the measures to be announced in this Budget, the judgment of the OBR, which we published today, is that we are on track to meet those goals. Indeed, I can tell the House that, because we have taken a cautious approach, we are set to meet them one year earlier, in 2014-15. To put it another way, we are on track to have debt falling and a balanced structural current budget by the end of this Parliament.

At this point in the Budget speech, the Chancellor would normally read out their own set of economic and fiscal forecasts, and they normally tell the House more about the political cycle than the economic one. Those days have gone for good. Instead, I will give the House the latest forecasts from the independent OBR, taking into account the measures in the Budget.

Growth in the UK economy for the coming five years is estimated to be 1.2% this year and 2.3% next year; then 2.8% in 2012 followed by 2.9% in 2013; and then 2.7% in both 2014 and 2015. Consumer price inflation is expected to reach 2.7% by the end of the year before returning to target in the medium term, and let me take this opportunity to confirm that the inflation target remains at 2% as measured on the consumer prices index.

The unemployment rate is forecast by the OBR to peak this year at 8.1% and then fall for each of the next four years to reach 6.1% in 2015. Some have suggested that there is a choice between dealing with our debts and going for growth. That is a false choice. The crisis in the eurozone shows that unless we deal with our debts, there will be no growth. These forecasts demonstrate that a credible plan to cut our budget deficit goes hand in hand with a steady and sustained economic recovery, with low inflation and falling unemployment. What is more, the forecast shows a gradual rebalancing of the economy, with business investment and exports playing a greater role and Government spending and debt-fuelled consumption a smaller role—a sustainable private sector recovery built on a new model of economic growth, instead of pumping the debt bubble back up.

Part of the reason, as we have always argued, is that tighter fiscal policy can enable interest rates to stay lower for longer. As the Governor of the Bank of England confirmed this week at the Mansion House:

> "If prospects for growth were to weaken, the outlook for inflation would probably be lower and monetary policy could then respond".

The subject of interest rates brings me to say this about attempts to compare directly last week's forecasts with this one. As the OBR notes in today's Budget document, any such comparison would be "misleading", because last week's forecast included the lower interest rates that expectations of this week's Budget have already brought about. So, as Sir Alan has written, actually to follow the fiscal path set out by the previous Government

> "would lead to higher interest rates and...lower economic activity"

than his forecast showed.

Let me now turn to the measures in the Budget designed to deliver this accelerated reduction in the structural deficit. The coalition believes that the bulk of the reduction must come from lower spending rather than higher taxes. The country has overspent: it has not been under-taxed. Our approach is supported by the international evidence, compiled by the OECD, the International Monetary Fund and others, which found that consolidations delivered through lower spending

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are more effective at correcting deficits and boosting growth than consolidations delivered through tax increases.

That is the origin of our 80:20 rule of thumb—roughly, 80% through lower spending and 20% through higher taxes. This evidence has been available in the Treasury for some time, but was published only in a redacted form by the previous Government. We intend to follow international best practice and the Treasury's own analysis. My measures today mean that 77% of the total consolidation will be achieved through spending reductions and 23% through tax increases. I believe this gets the balance right.

I now turn to the OBR's fiscal forecasts. As a result of the measures I will announce today, public sector net borrowing will be £149 billion this year, falling to £116 billion next year, £89 billion in 2012-13 and £60 billion in 2013-14. By 2014-15, borrowing reaches £37 billion—exactly half the amount forecast in the March Budget—and in 2015-16, borrowing falls further to £20 billion. As a share of the economy, borrowing will fall from 10.1% of GDP this year to just 1.1% in 2015-16.

We now know, thanks to the OBR forecast, that the structural current deficit is significantly larger than we were told—0.8% of GDP or £12 billion higher next year. Thanks to my action today, the structural current balance will be minus 4.8% of GDP this year. That deficit will then be eliminated to plus 0.3% in 2014-15 and plus 0.8% in 2015-16. In other words, it will be in surplus.

Public sector net debt, as a share of GDP, will be 62% this year, before peaking at 70% in 2013-14. Because of our action today, it then begins to fall, to 69% in 2014-15 and then 67% in 2015-16, whereas under the plans we inherited, debt would have increased in every full year of this Parliament. The House will want to know that, as a result of our measures, debt interest payments will be £3 billion a year lower by the end of this Parliament than they would have been.

I have one further announcement to make regarding macro-economic policy. I can confirm that, as set out in the coalition agreement, the Government will not be joining the euro in this Parliament. I have therefore abolished the Treasury's Euro Preparations Unit—yes, one does exist—and the official concerned has been redeployed to more productive activities.

Let me now turn to my other decisions on public spending. The state today accounts for almost half of all national income, which is completely unsustainable. All parties in the House now accept that spending needs to be cut, and we have made a start, but we need to go much further if we are to meet our fiscal mandate and see debt falling by the end of this Parliament. Today we are setting out the overall path of public spending that will achieve that.

Let me begin with current spending. Current expenditure will rise from £637 billion in 2010-11 to £711 billion in 2015-16. Although this is an increase, the House should remember that we inherit a rapidly rising bill for debt interest—a bill that will not start falling until the debt itself starts to fall. Debt interest payments alone will cost the taxpayer a quarter of a trillion pounds over this period. One of my predecessors used to call this spending the costs of social failure, but I say it is the price of economic failure. Compared with the plans set out by the previous Government, I am announcing today additional current expenditure reductions of £30 billion a year by 2014-15. The plans for public investment we inherit from our predecessors envisage a steep drop from £69 billion last year to £46 billion in 2014-15.

After the initial in-year reductions, the question we have been faced with is how much further to go on capital spending. Well-judged capital spending by Government can help provide the new infrastructure our economy needs to compete in the modern world. It supports the transport links we need to trade our goods, the equipment we need to defend our country and the facilities we need to provide quality public services. I think an error was made in the early 1990s when the then Government cut capital spending too much—perhaps because it is easier to stop new things being built than to cut the budgets of existing programmes.

We have faced many tough choices about the areas in which we should make additional savings, but I have decided that capital spending should not be one of them. There will be no further reductions in capital spending totals in this Budget, but we will make careful choices about how that capital is spent. The absolute priority will be projects with a significant economic return to the country. Assessing what those projects are will be an important part of the autumn spending review.

The Government can also dispose of assets that should rightly be in private ownership. Yesterday, we launched the sale of High Speed 1. We will look at how to dispose of our shareholding of NATS, the air traffic control services. We will aim to sell the student loan book and look at options around early repayment for individuals, and we will resolve the future of the Tote—at last. My right hon. Friend the Secretary of State for Business, Innovation and Skills will also facilitate a private capital injection into the Royal Mail Group, something that has been long overdue.

Before I turn to discuss departmental budgets, I need to say something first about another area of spending—the civil list. The civil list is the Government's support for Her Majesty the Queen in her duties as Head of State, and I am sure that everyone in this House will want to join me in recognising the Queen's loyal service and immense contribution to public life. The amount provided by the civil list has remained unchanged over the past 20 years, at £7.9 million. This has required careful management. Because of inflation, the annual payment is today worth only a quarter of what it was 20 years ago. I can announce that, with the full agreement of the Queen, the civil list will remain frozen at £7.9 million for the coming year, and I will propose a new means of consolidated support for Her Majesty for the future at a later date.

In addition, the royal household has agreed that, in future, civil list expenditure will be subject to the same audit scrutiny as other Government expenditure, through the National Audit Office and the Public Accounts Committee of this House of Commons. I believe that this will mean clear accountability in this House and that it will strengthen public confidence.

Let me turn now to my decisions on departmental expenditure limits. In recent years, Chancellors have been reluctant to explain what their total spending projections will mean for Whitehall Departments, and

that is entirely self-defeating. It normally takes people at the Institute for Fiscal Studies less than 24 hours to work it out for themselves and let the public know the truth. I will save them the effort.

We have inherited from the previous Government spending plans to cut departmental budgets by £44 billion a year by 2014-15. This implies an average real reduction for unprotected Departments of 20%—not that this was ever said, or a single pound of cuts to programmes even identified. Because the structural deficit is worse than we were told, my Budget today implies further reductions in departmental spending of £17 billion by 2014-15. We have committed to providing the NHS with real increases throughout the Parliament, and we will honour our international aid obligations to the poorest in the world. Once these are taken into account, the Budget figures imply that other Departments will face an average real cut of around 25% over four years. Clearly, if we can find any additional savings to social security and welfare beyond those that I will outline shortly, then that will greatly relieve the pressure on these Departments and that 25% figure.

Of course, not all Departments will receive the same settlement. I recognise, for example, the particular pressures on our education system and on defence. Final departmental settlements, and the final split between departmental expenditure and annually managed expenditure on welfare, will be set in the spending review. Rather than follow the usual practice of keeping the date of that review a secret until a few weeks before it happens, let me tell the House that it will be presented on Wednesday 20 October.

A further way that we can ease the pressure on public services is to agree that we need to restrain public sector pay in these difficult times, and we need to do something about the spiralling costs of public sector pensions. Many millions of people in the private sector have in the past couple of years seen their pay frozen, their hours reduced and their pension benefits restricted. They have accepted that, because they knew that the alternative in many cases was further job losses. The public sector was insulated from those pressures but now faces a similar trade-off. I know that there are many dedicated public sector workers who work very hard and did not cause this recession, but they must share the burden as we pay to clean it up. The truth is that the country was living beyond its means when the recession came, and if we do not tackle pay and pensions, more jobs will be lost.

That is why the Government are asking the public sector to accept a two-year pay freeze, but we will protect the lowest paid. In the past, I have said that we would be able to exclude the 1 million public sector workers earning less than £18,000 from a one-year pay freeze. Today, because we have had to ask for a two-year pay freeze, I extend the protection to cover the 1.7 million public servants who earn less than £21,000 a year. Together, they make up 28% of the public sector work force. They will each receive a flat pay rise worth £250 in both years, so that those on the very lowest salaries will get a proportionately larger rise. In recognition of our armed services who are risking their lives for us all in Afghanistan, we have also doubled the operational allowance to £4,800. We have asked Will Hutton to draw up plans for fairer pay across the public sector without increasing the overall pay bill, so that those at the top of organisations are paid no more than 20 times the salaries of those at the bottom. The culture of excessive pay at the very top of the public sector simply has to end.

We also need to deal with the cost of public service pensions. This is one of the greatest long-term pressures facing our nation's finances. The OBR today publishes figures showing that by 2015-16 we will be spending over £10 billion a year simply to meet the gap between pension contributions and payments to the unfunded pensions that they support. That is why I have asked John Hutton to carry out an investigation. As the Work and Pensions Secretary in the previous Government, he brings experience and an unbiased approach. He will provide an interim report in September this year to help inform any decisions required for the spending review, and a full report in time for next year's Budget.

The Government will also accelerate the increase in the state pension age to 66. A call for evidence will be launched later this week, and we will consult on whether to phase out the default retirement age.

Let me now address the largest bill in Government—the welfare bill. It is simply not possible to deal with a budget deficit of this size without undertaking lasting reform of welfare. It has been a key component of most successful fiscal consolidations elsewhere in the world and, around Europe, countries are now tackling their benefits bill. Germany has already announced €30 billion-worth of cuts to welfare spending, and others are taking similar steps.

Here in Britain, the explosion in welfare costs contributed to the growing structural budget deficit in the middle part of this decade. Total welfare spending has increased from £132 billion 10 years ago to £192 billion today. That represents a real-terms increase of a staggering 45%, and it is one of the reasons why there is no money left. It has also left an increasing number of our fellow citizens trapped on out-of-work benefits for the whole of their lives. A greater proportion of our children grow up in workless households than any other country in Europe. We are wasting the talents of millions, and spending billions on it in the process, so we will increase the incentives to work, and reduce the incentives to stay out of work. We will focus our benefits more towards those in need, and we will end some one-off payments that the country cannot afford any more.

First, we need to put the whole welfare system on a more sustainable and affordable footing. So from next year, with the exception of the state pension and pension credit, we will switch to a system where we uprate benefits, tax credits and public service pensions in line with consumer prices rather than retail prices. The consumer prices index not only reflects everyday prices better, but it is of course now the inflation measure targeted by the Bank of England. This will save over £6 billion a year by the end of the Parliament. I believe that this is a fairer approach than a benefits freeze. In time for the next Budget, we will also publish proposals to move the indexation in the tax system from RPI to CPI in a way that protects revenues.

Tackling spiralling welfare costs means also addressing the bill for tax credits. Spending on tax credits has increased from £18 billion in 2003 to £30 billion this year, and that is an unsustainable rise. There are over 150,000 families with incomes over £50,000 receiving tax credits. Taking into account the various disregards

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means that families earning up to £83,000 are eligible for this means-tested benefit. The country simply cannot afford this any more.

We need to target tax credits on those who need the help most, so we will reduce payments to families earning over £40,000 next year and then align the thresholds for the child and family element. We will increase the taper rate at which awards are reduced, and remove the baby element for new children from April 2011. We will remove the one-off payment to new workers over 50 from April 2012, and reduce the income disregard from £25,000 to £10,000, and then to £5,000. We will introduce an income disregard for income falls, reduce backdating from three months to one month, and we will not introduce the pre-election promise of a new tax credit element for infants.

Sadly, there are further benefits that this country cannot afford. We will abolish the poorly targeted health in pregnancy grant from April 2011. At the same time, we will restrict the Sure Start maternity grant to the first child only, and we will expect lone parents to look for work when their youngest child goes to school. We have decided that we simply cannot afford to extend the saving gateway, and we have also had to take a difficult decision about child benefit. I have received many proposals about this benefit. Some have suggested that we means-test it; others that we tax it. All these proposals involve issues of fairness.

The benefit is usually claimed by the mother. To tax it would mean that working mothers received less than the non-working partner of higher earners. To means-test it, we would have to create a massively complex new system to assess household incomes. I do not propose to do those things. I know that many working people feel that their child benefit is the one thing that they get without asking from the state. So instead, to control costs, we have decided to freeze child benefit for the next three years. This is a tough decision, but I believe that it strikes the right balance between keeping intact this popular universal benefit, while ensuring that everyone across the income scale makes a contribution to helping our country reduce its debts.

That brings me to another universal benefit: disability living allowance. It is right that people who are disabled are helped to lead a life of dignity. We will continue to support them, and we will not reduce the rate at which this benefit is paid. However, three times as many people claim it today than when it was introduced 18 years ago, and the costs have quadrupled in real terms to more than £11 billion a year, making it one of the largest items of Government spending. We will introduce a medical assessment for DLA from 2013, which will be applied to new and existing claimants. For people with disabilities, that will be a simpler process than the complex forms that they have to fill out at present. That way, we can continue to afford paying this important benefit to those with the greatest needs, while significantly improving incentives to work for others.

Spending on housing benefit has risen from £14 billion 10 years ago to £21 billion today. That is close to a 50% increase over and above inflation. The costs are completely out of control. We now spend more on housing benefit than we do on the police and on universities combined. Among these enormous numbers for total spending, there are some equally enormous individual claims. Today there are some families receiving £104,000 a year in housing benefit. The cost of that single award is equivalent to the total income tax and national insurance paid by 16 working people on median incomes. It is clear that the system of housing benefit is in dire need of reform.

We will introduce that reform by resetting and restricting local housing allowances; uprating deductions; reducing certain awards; re-adjusting support for mortgage interest payments; and limiting social tenants' entitlement to appropriately sized homes. Lastly, we will for the first time introduce maximum limits on housing benefit, from £280 a week for a one-bedroom property to £400 a week for a four-bedroom property or larger. Our package today will reduce the costs of housing benefit by £1.8 billion a year by the end of the Parliament—or by just 7% of the total budget—but it will improve incentives to work. At the same time, we will target more resources at those who need them most by increasing the budget for discretionary housing payments to deal with hardship cases by £40 million, and from now we will cover the cost of an additional room for those claimants with a disability who need a carer.

Taken together, all those measures to control the costs of welfare will save the country £11 billion by 2014-15. Governments in the past have said that they were going to get to grips with welfare and to reward work. We are delivering. My right hon. Friend the Secretary of State for Work and Pensions will bring forward proposals to further reform the benefits system as a tool to support work and encourage aspiration in time for the autumn spending review.

But as I said right at the start of this speech, this Budget is not just about paying for the bills of the past; it is also about planning for the future. It is my deeply held belief that a genuine and long-lasting economic recovery must have its foundations in the private sector. That is where the jobs will come from, and we will do absolutely everything to support their creation. We argued that imposing a jobs tax was the last thing that Britain needed in a recovery, and the businesses of the country agreed with us, so we will adopt a different approach. We will make it cheaper for companies to employ people. From April 2011, the threshold at which employers start to pay national insurance will rise by £21 a week above indexation. The cost of hiring people on incomes lower than £20,000 will be less than it is today; and in one move we will have lifted 650,000 employees out of this tax altogether.

But if we are to have a sustained, job-creating recovery, we need more than that. We need to see growth not just in one corner of our country, nor in just one sector, for we live in a world where the competition for business is growing ever more intense. I want a sign to go up over the British economy that says "Open for business", and this is how I propose to do it. Corporation tax rates are compared around the world, and low rates act as adverts for the countries that introduce them. Our current rate of 28p is looking less and less competitive, so we will do something about it. Next year we will cut corporation tax by 1%, to 27p in the pound, the year after we will cut it again by 1%, and again the year after, and again the year after that—four annual reductions in the rate of corporation tax that will take it down to just 24%. That will give us the

lowest rate of any major Western economy, one of the lowest rates in the G20 and the lowest rate that this country has ever known.

At the same time, we will agree with businesses a long-term approach to the taxation of foreign profits, the treatment of intellectual property and the proposals from James Dyson on research and development. We will also reduce the small companies tax rate. The previous Government were planning to increase that tax rate next year to 22%, at the very time when we should be encouraging small businesses to grow. Instead, we will cut the rate to 20%, which will benefit some 850,000 companies. And because small businesses are struggling to obtain credit at the moment, I will extend the enterprise finance guarantee scheme, which supports small and medium-sized businesses' access to lending. Those changes will benefit at least 2,000 small businesses.

My right hon. Friend the Secretary of State for Business, Innovation and Skills will come forward in the summer with further proposals on expanding the availability of credit, to ensure that the economic recovery is properly financed. Also, there are many small businesses in the tourism industry today. To help them, I am reinstating the favourable tax rules for furnished holiday lettings, which our predecessors had planned to repeal. I can also announce that there will be measures to cancel certain backdated business rates bills, including for many businesses in ports.

In the current climate, with the deficit the size that it is, all those reductions in tax must be more than paid for by other changes to business taxation, so we will not go ahead with the poorly targeted tax relief for the video games industry. There will be a small reduction in the rates for capital allowances, which will remain broadly in line with economic depreciation. For the majority of plant and machinery assets, the rate of the allowance will fall from 20% to 18%, while the allowance for longer-lived assets will fall from 10% to 8%. In other words, businesses will still receive full tax relief on their qualifying expenditure, but over a longer time frame.

I have also decided to reduce the annual investment allowance to £25,000 a year, to ensure that support is focused on investment by smaller firms. Over 95% of businesses will continue to have all their qualifying plant and machinery expenditure fully covered by this relief. Manufacturing as a whole will pay less tax. I have listened to the argument that changing those crucial allowances during the early stages of the economic recovery could be disruptive, so I will delay the reductions in capital and investment allowances to April 2012. That will give businesses the extra early advantage of the tax cuts, which will start to come in from next year.

Our reforms today will also mean a greater contribution from the banking sector—one that far outweighs any benefit that it will receive from the lower tax rates that I have just announced. In putting the nation's finances in order, we must remember that this was a crisis that started in the banking sector. The failures of the banks imposed a huge cost on the rest of society, so I believe that it is fair and right that in future banks should make a more appropriate contribution, reflecting the many risks that they generate. Such an approach has already been recommended by the International Monetary Fund. We are exploring the costs and benefits of a financial activities tax on profits and remuneration, and we will work with international partners to secure agreement, but today the British Government take the initiative in this global debate about the appropriate risks and rewards in international banking.

From January 2011, we will introduce a bank levy. It will apply to the balance sheets of UK banks and building societies, and to the UK operations of banks from abroad. There will be deductions for tier 1 capital and insured retail deposits, and a lower rate for longer maturity funding. Smaller banks with liabilities below a certain level will not be liable for the levy. Once fully in place, we expect the levy to generate over £2 billion of annual revenues.

There are those who have argued whether we should wait until every country in the G20 introduces a bank levy. I believe that is not reasonable or fair. Indeed, I can tell the House that the French and Germans have joined the UK today in committing to introduce a bank balance sheet levy. In a joint statement, our three Governments have pledged to ensure our banks make a fair contribution to reflect the risks they pose.

The message I hear from those in the business community is unequivocal: they want certainty and stability from Government so that they can start the long process of rebuilding their businesses. Today, I am offering them just that—a five-year plan to reform the corporation tax system, with lower rates, simpler rules and greater certainty. It provides the most fundamental and far-reaching reform of our corporate tax regime in generations. It offers a stable and consistent platform for a private sector recovery. It is a balanced package, which will send a clear signal that Britain is open for business. It will help companies invest, attract foreign investment and boost growth. Above all, it will help create jobs. By increasing the amount of business investment by an additional £13 billion between now and 2016, these reforms will help rebalance the economy away from household debt and Government consumption.

We will also take forward our plans to create a green investment bank, bringing forward private investment in clean energy and green technologies; and we will also need investment in our digital infrastructure. But the previous Government's landline duty is an archaic way of achieving this, hitting 30 million households who happen to have a fixed telephone line. I am happy to be able to abolish this new duty before it is even introduced. Instead, we will support private broadband investment, including to rural areas, in part with funding from the digital switchover underspend within the television licence fee.

Over the past decade, the British economy has become deeply unbalanced, and nowhere are those disparities as marked as between the different regions of Britain. Between 1998 and 2008, for every private sector job generated in the north and the midlands, 10 were created in London and the south. We need a new approach—one that empowers local leadership, generates local economic growth and promotes job creation in all parts of the country, including Wales and Scotland. We will publish a White Paper on how we intend to deal with these issues later in the summer, followed by a consultation paper on rebalancing the economy of Northern Ireland.

As a step towards rebalancing our economy, we are today announcing the support for those regions more dependent on the public sector. First, even when money is so short, we will commit to the following important regional transport projects: the upgrade of the Tyne

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and Wear metro; the extension of the Manchester Metrolink; the redevelopment of Birmingham New Street station; and improvements to the rail lines to Sheffield and between Liverpool and Leeds.

Secondly, we will create a large regional growth fund to provide finance for regional capital projects over the next two years. We will announce the details shortly, but priority will be given to projects that have the greatest impact on improving innovation and creating jobs.

Thirdly, we will shortly announce a new tax scheme to help create new businesses in those regions where the private sector is not nearly strong enough. For the next three years, anyone who sets up a new business outside London, the south-east and the eastern region will be exempt from up to £5,000 of employer national insurance payments for each of the first 10 employees hired. We aim to have the scheme up and running by September, but any qualifying new business set up from today will also receive help. The Treasury estimates that some 400,000 new businesses will benefit, ensuring all parts of our country contribute to a more balanced and sustainable economic future.

Let me turn now to some further decisions we have made on taxation. I am someone who believes in the virtues of lower taxation, but the only sustainable route to lower taxes is by first achieving sound public finances. The sovereign debt crisis means we need to the reduce the deficit even more quickly in order to protect our economy. The Office for Budget Responsibility has revealed the size of the structural deficit to be even larger than we feared—£12 billion larger next year.

As a result, this Budget announces a further fiscal tightening of £40 billion a year by the end of this Parliament, including welfare and spending measures, over and above the previous Government's plans. To achieve that additional tightening while maintaining the right "four-to-one" balance between spending and taxation means that I have to announce further tax rises today.

On 4 January next year, the main rate of VAT will rise from 17.5% to 20%. *[Interruption.]* The years of debt and spending make this unavoidable. This single tax—*[Interruption.]*

Mr Deputy Speaker: Order. Will hon. Members calm down? It is important to Members on all sides of the House that they can hear, but more important, the country takes this Budget very seriously, so I call for more calm and a little more restraint.

Mr Osborne: The years of debt and spending made this unavoidable. This single tax measure will by the end of this Parliament generate over £13 billion a year of extra revenues. That is £13 billion that we do not have to find from extra spending cuts or income tax rises. I can also give this House a commitment that we will keep everyday essentials such as food and children's clothing, as well as other zero-rated items like newspapers and printed books, exempt from VAT over the course of this Parliament. In line with the increase in the main rate of VAT, the higher rate of insurance premium will also rise from 17.5% to 20%, while the standard rate will increase from 5% to 6%.

Let me turn to my decisions on duties. The March Budget included substantial increases in those, and I can tell the House that my Budget includes no new increases in duties on alcohol, tobacco or fuel. We will report back in the autumn on the scope for targeting alcohol duty at the products most associated with binge drinking and under-age consumption. We will explore changes to the aviation tax system, including switching from a per-passenger to a per-plane duty, and consult on major changes. This will help us to reduce our carbon emissions. We are examining the impact of sharp fluctuations in the price of oil on the public finances to see if pump prices can be stabilised, and we will also look at whether a rebate for remote rural areas could work.

I have one final announcement on duties. We have decided to reverse the previous Government's plans to increase the duty on cider by 10% above inflation and the reduction will come into effect at the end of this month—just in time to celebrate England's progress to the quarter finals, or else to drown our sorrows.

That brings me to council tax. At times like this when money is short, we think all parts of government should work hard to keep costs down, and we want to give councils every incentive to do just that. So we will offer a deal to local authorities in England: if they can keep their cost increases low, then we will help them to freeze council tax for one year from next April. That will mean that the average family will be some £35 better off next year, and every year thereafter. It will be one less rising bill for families to worry about, and it will drive value for money throughout all levels of government.

One of the most chaotic areas of tax that the new Government inherited from their predecessor is the capital gains tax regime. Some of the richest people in this country have been able to pay less tax than the people who clean for them. That is not fair, and it stems from the avoidance activity that has exploited the wider gap between the rate of capital gains tax and the top rates of income tax. Those practices are costing other taxpayers more than £1 billion every year.

It is therefore right, as set out in the coalition agreement, that capital gains tax should increase in order to help create a fairer tax system. I have listened carefully to everyone's views and considered all the options. My concern has been to balance the competing demands of fairness, simplicity and competitiveness—and I believe my decision gets that balance right. Low and middle-income savers who pay income tax at the basic rate make up over half of all capital gains taxpayers. They will continue to pay tax on their capital gains at 18%. From midnight, taxpayers on higher rates will pay 28% on their capital gains. I have also decided that the annual exempt amount for capital gains tax will remain at £10,100 this year, and will continue to rise with inflation in future years.

I am acutely aware of how important it is to protect the incentives to succeed in business and to innovate, so to promote enterprise, the 10% capital gains tax rate for entrepreneurs, which currently applies to the first £2 million of qualifying gains made over a lifetime, will be extended to the first £5 million of lifetime gains. I asked the Treasury to examine what would have happened if we had increased the rate much further beyond 28%, and its dynamic analysis showed that that would have resulted in smaller total revenues. I also considered in great detail the options presented to me for introducing

tapers or indexation allowances, and concluded that the complexity and administration involved would have been self-defeating.

The changes that I have made mean that the capital gains of the majority of taxpayers are protected; that we have a top rate that is in line with those of our international competitors; that we keep the system simple and easy for any taxpayer to understand; and that we reduce the incentives to convert income to capital gains. It is revealing that the great majority of the almost £1 billion of extra receipts that we expect to see as a result of this change will come from additional income tax payments. I believe that that is the right way in which to reform the taxation of capital gains.

Let me say something about the previous Government's policy to reduce pension tax relief for people on high incomes, due to come in next year. Many businesses are alarmed at the complexity that it will introduce. I have listened to those concerns; however, I must also protect the £3.5 billion of revenues that the policy was set to raise from high-income people. I will therefore work with industry on alternative ways of raising the same amount of revenue, potentially by reducing the annual allowance.

Let me now turn to income tax. A responsible society is one that rewards the efforts of those who choose to work. The income tax system—in particular, the abolition of the 10% rate of income tax—has meant that many people on lower incomes face higher average tax rates. I believe that it is important to lift people out of the income tax system and allow them to keep more of their hard-earned money. It is especially important to make progress in this Budget, in which we are asking so much of so many, and this demonstrates that the coalition Government put fairness first.

In the current system, everyone under the age of 65 is eligible for a tax-free personal allowance of £6,475. That means that many thousands of people have their income taken away from them in tax, only to have to apply to get it back in benefits. That does not reward work. So today I can announce that we will increase the personal allowance by £1,000 in April. People will be able to earn £7,475 before they have to start paying income tax. 23 million people who are basic-rate taxpayers will each gain by up to £170 a year, and 880,000 of the lowest-income taxpayers will be taken out of tax altogether. Higher-rate taxpayers will not benefit from the change, and the higher-rate income tax threshold will have to remain frozen until 2013-14. Our long-term objective remains to increase the personal allowance to £10,000, as set out in the coalition agreement, and we will take real steps towards achieving that objective during the rest of this Parliament.

I do not disguise from the House that the combined impact of the tax and benefit changes that we make today are tough for people. That is unavoidable, given the scale of the debts that our country faces and the catastrophe that would ensue if we failed to deal with them. My priority in putting together this Budget has been to make sure that the measures are fair: that all sections of society contribute, but that the richest pay more than the poorest, not just in terms of cash but as a proportion of income as well. That is far from straightforward when the deficit is this high, and when the burden of reduction must rightly fall on Government spending.

Too often, when countries undertake major consolidations of this kind, it is the poorest—those who had least to do with the cause of the economic misfortunes—who are hit hardest. Perhaps that is a mistake that our country has made in the past. This coalition Government will be different. We are a progressive alliance governing in the national interest, and that requires us to make two final decisions.

First, we will provide lasting help for pensioners. The earnings link was broken by the last Conservative Government, and was never restored through 13 years of a Labour Government. That meant that each year more and more pensioners were drawn into the means test, which punished those who had done the right thing and saved for their retirement. I can announce today that from April next year we will re-link the basic state pension to earnings. Now pensioners can save with confidence. They will also be protected by our new triple lock, which will guarantee each and every year a rise in the basic state pension in line with earnings or prices or a 2.5% increase, whichever is the greater. There will be no more 75p increases in the basic state pension. With this coalition Government, pensioners will have the income to live with dignity in retirement.

Secondly, we will provide additional support for families in poverty. They are among the most vulnerable people in our society, and they need our help. I have decided to increase the child element of the child tax credit by £150 above indexation next year. That is a £2 billion a year commitment to low-income families, and we make it even now, in these difficult times. I can tell the House that the policies in this Budget, taken together, will not increase measured child poverty over the next two years. Overall, everyone will pay something, but the people at the bottom of the income scale will pay proportionally less than the people at the top. It is a progressive Budget.

Today we take decisive action to deal with the debts that we inherited, and confront the greatest economic risk facing our country. We have been tough, but we have also been fair. We have set the course for a balanced budget and falling national debt by the end of this Parliament. We have insisted that four pounds of every five needed to reduce our deficit will be found from Government spending. We have protected capital investment from additional cuts, and have got to grips with the soaring costs of welfare. We have provided the foundations for economic recovery in all parts of our nation, and have given our country some of the most competitive business taxes in the world. We have taken almost a million people out of income tax and half a million people out of national insurance, and we have done all that without increasing child poverty.

Sadly, in this unavoidable Budget we have had to increase taxes. We have had to pay the bills of past irresponsibility. We have had to relearn the virtue of financial prudence. But in doing so, we have ensured that the burden is fairly shared. Today we have paid the debts of a failed past and laid the foundations for a more prosperous future. The richest paying the most and the vulnerable protected: that is our approach. Prosperity for all: that is our goal.

I commend this Budget to the House.

Mr Deputy Speaker: I now call on the Chancellor of the Exchequer to move the motion entitled "Capital Gains Tax (Rates)". It is on that motion that the debate will take place today and on succeeding days. The questions on the remaining motions will be put at the end of the Budget debate on Monday 28 June.

Budget Resolutions and Economic Situation

Motion made, and Question proposed,

That provision may be made in relation to the rates at which capital gains tax is charged. —*(Mr George Osborne.)*

1.29 pm

Ms Harriet Harman (Camberwell and Peckham) (Lab): The Chancellor of the Exchequer has delivered his Budget. It is his first Budget, but we have seen it all before. This is a Tory Budget that will throw people out of work, will hold back economic growth—*[Interruption.]* Read the book! This Budget will hold back economic growth, and will harm vital public services. Yes, it is the Chancellor's first Budget, but it is the same old Tories, hitting hardest at those who can least afford it and breaking their promises. This is true to form for the Tories, but it includes things that the Liberal Democrats have always fought against. Surely they cannot vote for this.

The Chancellor says his top priority is to cut the deficit. In order to get the deficit down, we need to keep economic growth up and we need to keep unemployment down. Today's Budget—*[Interruption.]* Read the book! Today's Budget is bad for growth, and that will make it harder to cut the deficit.

The new Office for Budget Responsibility has said in its report today that because of this Budget, growth next year will be lower than it would have been under our policies to support the economy through difficult times. It has revised growth for next year down from 2.6% to 2.3% because of the harm that the Chancellor's Budget does. He said he was going to tell it straight, but the Chancellor has not told it straight today on jobs. Today's Budget is bad for jobs and that, too, will make it harder to cut the deficit. The OBR forecasts on page 84 of its report that the price of the plans he has set out today in his Budget is tens of thousands of people out of work. *[Interruption.]* I say to hon. Members, look at the OBR report last week and compare it, on the International Labour Organisation unemployment and claimant count, with the forecast as a result of this Budget: tens of thousands more people out of work, and unemployment higher next year and every year of this Parliament. For people affected, this is a high price to pay, and it is equivalent in scale to putting every working man and woman in the city of Coventry out of work; that is the scale of the changes on jobs. And it is counter-productive. Private sector jobs will not spontaneously emerge as we see fewer people employed in public services. This Budget will hit private sector jobs as well as public sector jobs.

The reality is we do not get borrowing down by pulling the plug on support for businesses. We do not get borrowing down by throwing people out of work and on to the dole. *[Interruption.]* Look at the forecasts! We do not get borrowing down by stifling economic growth. This reckless Budget's short-sighted approach will jeopardise the recovery and make the deficit worse, and when we do that, we end up with more tax rises further down the track, and it is unfair.

It is unfair on young people who need help to get work and get a decent start in life. The Government have scrapped the future jobs fund before it has even been formally evaluated, but every young person helped

into work shows its value. It is unfair on the regions, whose manufacturing industries will suffer. They have cancelled the loan to Sheffield Forgemasters; they have snatched away the chance of new jobs. It is unfair on families: cuts to the value of child benefit; cuts to the disability living allowance; cuts to help for the jobless; ending the health in pregnancy grant; cutting the Sure Start maternity grant; ending free swimming; and cutting back free school meals. It is also unfair to older people, who will have to pay higher VAT and will have less money to spend in their local shops.

The Chancellor tells us that his plans are fair: that the rich will pay most. That is not true. As the Prime Minister himself said of VAT:

"it's very regressive, it hits the poorest the hardest. It does, I absolutely promise you",

and as the hon. Member for Bermondsey and Old Southwark (Simon Hughes) rightly pointed out last week, VAT "penalises the poor".

It is unfair when cuts in public spending hit those people and those areas where public services and benefits matter most. The impact of the Chancellor's changes to benefits and tax will be greatest in the poorest areas. We agree that borrowing must be brought down, but look at whom he has chosen to bear the brunt of cutting the deficit. The area most affected by his austerity policy, where people will see the biggest fall in average incomes, is Merseyside; the area least affected by his austerity policy—least affected by the fall in income—will be Cheshire. Yes, that includes his own constituency. This is not a fair Budget; it will entrench unfairness for the future.

Simon Hughes (Bermondsey and Old Southwark) (LD) *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Please wait until after the right hon. and learned Lady has spoken.

Ms Harman: And the VAT rise makes this a Budget of broken promises. Before the election the Prime Minister said he had no plans to put up VAT, and now, in his first Budget, he puts up VAT. During the election campaign the Liberal Democrats attacked what they called the Tory secret VAT bombshell. Little did we know that the Lib Dems had their own secret bombshell to drop on us: that they would vote for it.

The Tories present this Budget but they try to evade responsibility for it. They try to justify their broken promises, saying that things have changed—that things are worse than they realised—but what is this new information? The OBR forecasts are better than we predicted at the time of the March Budget: less borrowing than expected, and lower unemployment than expected, because of our actions.

The Government like to cite new information from abroad: the problems of Greece. Greece is in a completely different position from us: it is still in recession; it does not control its interest rates; and its debt is over 115% of its GDP. Greece is no alibi for this Tory Budget.

Nor should they pray in aid the story of Canada's Budget cuts. Canada's deficit reduction was taking place as Canada's economy was boosted by strong growth in its neighbouring economy and main export market, the United States. Our export market is mainly the EU and growth there is sluggish. That is why President Obama wrote to his fellow G20 leaders this week urging them to turn away from the rush to austerity. Yes, deficits must be reduced, but we must not risk undermining the fragile global recovery. This is a Budget based on rewritten history and false excuses.

They say there is no alternative, but the truth is this is what they want. This Budget is not driven by economics; it is driven by ideology—their commitment to a smaller state. The Chancellor claims he has no alternative, but the OBR last week clearly stated that our plans would have more than halved the deficit over four years. No, this austerity Budget is their choice, and right now it is exactly the wrong choice.

This reckless Tory Budget would not be possible without the Lib Dems. The Lib Dems denounced early cuts; now they are backing them. They denounced VAT increases; now they are voting for them. How could they support everything they fought against? How could they let down everyone who voted for them? How could they let the Tories so exploit them? Do they not see that they are just a fig leaf? The Liberal Democrat Chief Secretary is just the Chancellor's fig leaf. The Deputy Prime Minister is just the Prime Minister's fig leaf. The Lib Dems' leaders have sacrificed everything they ever stood for to ride in ministerial cars and to ride on the coat tails of the Tory Government. Twenty-two Liberal Democrat ministerial jobs have been bought at the cost of tens of thousands of other people's. The Liberal Democrats used to stand up for people's jobs, but now they only stand up for their own.

Look at the Business Secretary, the right hon. Member for Twickenham (Vince Cable). The House has noticed his remarkable transformation in the past few weeks from national treasure to Treasury poodle. They have no mandate for this Budget; this Budget has no legitimacy. Even if the Lib Dems will not speak up for jobs, we will. Even if they will not fight for fairness, we will, and even if they will not protest against Tory broken promises, we will.

We will support measures that are fair and that will help the economy. We will support the increase in capital gains tax. As the Chancellor said, it will help to stop people avoiding income tax by getting payment in capital. Such avoidance of tax is even more objectionable when we need to cut borrowing. We welcome the retention of the 50p tax rate. The Labour party was the first to call for a levy on the banks and the Government are going ahead with it. We will support that move, although I note that the banks will get a corporation tax cut to compensate them. We will support the increase in personal allowance, but the public, who will be hit by a rise in VAT, will feel short-changed.

In the face of a global economic crisis, this has been a difficult time for businesses and families, not just here but around the world. What this country needed was a Budget to support economic growth, to protect jobs and to cut the deficit fairly, but what we have got is a reckless Budget that pulls the rug out from under the economy. Predictably, the Tories do not care and are not listening. The Lib Dems are wringing their hands, and well they might, but that is not good enough. They should think about their constituents who will suffer if this Budget goes ahead. The Lib Dems should think again, but whatever they do, we will vote against it.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Deputy Speaker. The Chancellor of the Exchequer said to us earlier that this country would hear the facts

[Chris Bryant]

about his Budget straight from him at the Dispatch Box, but this morning his freeze of the civil list moneys was announced in *The Guardian*, his announcements on capital spending plans were in *The Guardian* and his proposals on national insurance, child tax credit and the VAT rise being delayed were all in *The Guardian*. Also, the precise figures about the changes to income tax—rising by £1,000 to £7,475—were in every single media outlet in this country. That is an abuse of the privilege of this House. Will Mr Speaker, or you on his behalf, refer this issue of the abuse of the privilege of the House to the Select Committee on Standards and Privileges?

Mr Deputy Speaker: As hon. Members well know, Mr Speaker is unhappy about announcements being trailed before they come to this House. If the hon. Member speaks later, he can bring it to the House's attention once more. No doubt, this will be passed on to Mr Speaker.

1.43 pm

Mr Andrew Tyrie (Chichester) (Con): It falls to me to respond just as everybody quite reasonably goes off for a bite to eat. I commiserate with the right hon. and learned Member for Camberwell and Peckham (Ms Harman) about having to respond to the Budget without a chance to absorb it, although I must say that that showed in some of the things she said. She made the best of a very weak hand, but a couple of points must be borne in mind. I shall say this as best I can without partisanship.

First, all three parties were committed at the last election to sharp cuts in spending. According to the Institute for Fiscal Studies, Labour was planning about £45 billion-worth of cuts, which, because of ring-fencing, would have had to fall on only four main areas: education, defence, transport and housing. To give people an idea of the scale, defence spending is only about £40 billion, so massive adjustments would have had to be made by Labour, but that did not seem to feature in anything the right hon. and learned Lady said.

A second point that needs to be made is that we went into the recession carrying a huge structural deficit. Again, the right hon. and learned Lady did not acknowledge that at all. That deficit developed as a result of over-ambitious spending over many years by the previous Government, particularly by the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown). It simply had to be tackled; it could not have been left unaddressed. It really is not correct to attribute most of the tightening we need now to the mistakes of banks, the global recession or, as she has suggested today, to coalition ideology. The overwhelming majority of people who have looked at this have concluded that we must take early action to curb the huge, burgeoning deficit.

Mr John Redwood (Wokingham) (Con): Does my hon. Friend agree that it was a disgraceful performance by the acting leader of the Labour party to accept no responsibility for the disgraceful state of the public accounts, and to dare to say that we wanted to cut when Labour was going to have to cut?

Mr Tyrie: In my new job, I am doing my best to avoid putting things in such trenchant terms, but I feel that not enough has been accepted by the Labour party about the scale of the mismanagement on the economy—requiring us to do something about it now.

This was an astonishing and phenomenal Budget—a tour de force. It really was a further addition to the early economic radicalism of the coalition Government. We have already had announcements about a complete overhaul of financial regulation and an innovative body, the Office for Budget Responsibility, has been created. We have also had announcements about vigorous action being taken on the deficit as well as major proposals for tax and benefit reform. The first of these measures is needed, among other things, to change the culture. The politics of plenty have to give way to the politics of thrift in Whitehall. That, above all, is why it is right for the Government to make the £6 billion-worth of cuts.

On the second of the measures that I have just mentioned, we must have tax reform and simplification if we are to have any chance of improving Britain's long-run growth rate, which has been imperilled by immense complexity in the tax system.

Kevin Brennan (Cardiff West) (Lab): On taxation, when the Prime Minister said on 1 April, when he was the Leader of the Opposition:

"Our plans don't involve an increase in VAT",

did the hon. Gentleman believe him?

Mr Tyrie: As I recall, all three parties talked about having no plans to increase VAT, and it would not have surprised me a scrap, had the positions been reversed, if we had had an increase in VAT. How would Labour have filled the £45 billion deficit? We have not heard a word on that. That brings me to a point that I had decided, on the grounds of non-partisanship, not to make, but that I now think needs to be made. It was irresponsible and damaging to British democracy not to have had a spending review on which to judge the decisions to be taken. In my current job, if I were to find the coalition Government as evasive as that, I would do everything in my power to call them to account and to make sure that they told us the facts.

Albert Owen (Ynys Môn) (Lab): I congratulate the hon. Gentleman on his election as Chair of the Treasury Committee. Does he accept that the rise in VAT that the Chancellor announced today will have a huge impact on small companies in the construction industry in my constituency that are looking for business building extensions to houses and so on? They will have to pass the rise on to those individuals, so the rise will slow down growth in that sector and will cause further job losses.

Mr Tyrie: All tax rises slow down growth in one way or another. They, by definition, take demand out of the economy. The only question is how one should do it. The Chancellor has had a very difficult choice to make.

Iain Stewart (Milton Keynes South) (Con): Does my hon. Friend recall that when the former Chancellor temporarily reduced VAT to 15%, a Treasury document clearly showed that afterwards the Labour Government were planning to increase it to 20%?

Mr Tyrie: I thank my hon. Friend for reminding me about that, as I had completely forgotten it. The whole House has heard the point he made.

The central judgment in the Budget is about the scale and speed of the fiscal adjustment. Whatever the Chancellor does, there are risks. If he shows lack of resolve on the deficit, the Greek experience beckons, as markets lose confidence in our ability to service our debts. The Chancellor was right to emphasise sovereign debt risk in his speech. That is not a fanciful risk, but a clear and present danger for Britain and he was right to flag it up. If we show too much zeal, too early, on the deficit, some people fear that the Japanese experience awaits us—being caught in a heavily indebted deflationary trap.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I voted for the hon. Gentleman to hold his new position and even told his opponent that I had done so, but I am deeply concerned that today he is making the same mistake as the Chancellor. He said that the greatest problem facing economies is sovereign debt, when in fact analysis shows that it is bank indebtedness. Greece has a sovereign debt problem, but other countries of Europe have a problem with bank debt. That is the problem, so we are looking at the wrong target.

Mr Tyrie: I agree that both are extremely important. I do not think I said that the greatest threat is necessarily sovereign debt, although *Hansard* will show whether I did. I said that I agreed with the Chancellor that it was an extremely grave risk. That is supported by the overwhelming majority of commentators—the International Monetary Fund, the OECD and a large number of independent commentators.

From the remarks made by the Leader of the Opposition, I presume that she is more fearful of the recovery being snuffed out by further tightening than of the risk of a downgrade in the bond markets. I shall not form an instant judgment now. I shall want my Committee to take a look at the situation and report to the House. None the less I noted a couple of relevant points. With the benefit of hindsight—looking historically—most fiscal retrenchments in this country have erred on the side of too little, too late, rather than too much, too soon.

My other general comment is that although the Japanese parallel is well worth examining, it should be borne in mind that the Japanese banking system was in a shocking state even by comparison with ours, and it has remained in grave difficulties. The revival of our banking system is crucial if we are to have sustained recovery. In some degree, that answers the point made by the hon. Member for Linlithgow and East Falkirk (Michael Connarty), and agrees with it.

Whether the Chancellor's judgment turns out to be right or wrong, there are a couple of points on which I should like to hear more from him over the coming days and weeks. First, although he must be resolute in his judgment his policy framework could, and I think should, signal that if the facts change, he will change his mind—he hinted at that in his speech. The global economic situation is fluid and fragile, so if we were to find ourselves in another global downturn, possibly triggered by global fiscal contraction, we need to know that he would deploy whatever tools were required to avoid deflation. There must be some risk of that. It is not just a matter of Governments around the world, and particularly in Europe, beginning to address their deficits after their bail-outs. The banking system, too, will remain under strain. Banks will be subjected to a levy and will be required to secure major increases in capital and liquid assets, both of which will reduce lending. On top of that, there is the risk that household saving might sharply increase at the expense of consumption.

However, looking at things from an international perspective, I am heartened by the global growth forecasts of the IMF, which suggest that global growth for the next two years will be running in excess of 4%. I have not yet had a chance to see what the Office for Budget Responsibility has written in, but I suspect it will probably be in line, which would appear to buttress the Chancellor's judgment that the cuts are sustainable.

My second question to the Chancellor relates to the first: what is the overall macro-economic framework for the Budget judgment? I should like more information about that. In previous squeezes on fiscal policy, it has been reasonable to argue that tight policy has created room for a compensating looser monetary policy through short-term interest rates. This time, however, interest rates are already very low, so the only offset comes in long-term bond rates. Interestingly, the OBR has already published a second estimate for gross debt interest, which takes account of the tighter fiscal policy that has just been announced. On its forecast, the figures show a reduction in central Government gross debt interest of £7 billion over the planning period, so there is a long-term bond yield dividend to be had from the tighter fiscal policy.

In any case, the Chancellor may have spelt out his macro-economic framework in more detail in the Red Book. None of us has yet had a chance to read it, although some people may be taking that opportunity while I am speaking. It would be worth hearing more about the policy framework, because it must leave the Chancellor with enough room to alter course if circumstances change, otherwise credibility could collapse in the face of unforeseen events. The one thing I can predict is that there will be quite a few of those.

Whatever else people conclude about the Budget, it is fair to say that it shows extraordinary political courage by the Chancellor and by the coalition Government. There will be rumblings in the undergrowth in both coalition parties. The vested interest groups will cause enormous trouble, just as they would have done if a Labour Government had been implementing their cuts. It will take sustained resolution by the Prime Minister, his Deputy and the Chancellor to stick to their course. The relationship between No. 10 and No. 11 will be absolutely crucial in the months ahead.

I have concentrated on the deficit and the macro-economic framework, but the Budget will be judged on more than just accountancy. There are a number of other important issues. Does the Budget pave the way for providing better economic performance in the long run? Does it adequately protect the poorest and the most vulnerable in our society? I hope the Treasury Committee will look at that issue. Does it take enough account of both regional and structural imbalances in the economy? What role will Britain play in addressing the large global imbalances that still remain? Those are some of the questions that I very much hope my colleagues on the Treasury Committee will agree should be looked at in the months and years ahead.

[Mr Tyrie]

I look forward to the formation of the Committee, the first-ever Treasury Committee that will benefit from a democratic mandate. Our task now is to get on with the job. I am open to suggestions from both sides of the House about what exactly we should look at; indeed I am already being inundated with proposals and suggestions, so we shall need to prioritise. Of course, I shall await the views of my Committee colleagues, but it would surprise no one—certainly not me—if we concluded that the central fiscal judgment of the Budget, and both the structure and early output of the new Office for Budget Responsibility, should be high on our agenda.

1.58 pm

Barry Gardiner (Brent North) (Lab): Today, let us spare a thought for the Liberal Democrats. In April, the great cause célèbre—the only amendment they fought for in Labour's Budget—was deferring the rise in the rate of duty on cider until June. Today, they achieved that ambition; duty was reduced from 10% to just 2%. In April, Liberal Democrat spokespeople loudly claimed to have stopped the wicked Labour Government from raising a few million pounds from west country cider farmers. Today, they sit, quisling apologists, for a Budget containing the most savage cuts and devastating tax increases in a generation.

On 8 April, the Deputy Prime Minister accused the Conservatives of wanting to raise VAT to plug a black hole in their financial plans. He boasted:

"We will not have to raise VAT to deliver to our promises. The Conservatives will. Let me repeat that: our plans do not require a rise in VAT".

No wonder that, when the Prime Minister was asked during the election campaign for his favourite political joke, he replied in just two words: "Nick Clegg." The Liberal Democrats have now delivered the tax bombshell for their Conservative masters, precisely targeted at the poor, who spend a far greater proportion of their income on VAT-able items.

Stephen Williams (Bristol West) (LD): Would the hon. Gentleman like to look at the tables on pages 67 and 68 of the Red Book, which disprove the point that he has just made?

Barry Gardiner: I should be very happy to look at the pages of the Red Book in due course, but if the hon. Gentleman wants to challenge the fact, which I have just stated, that the poor spend a greater proportion of their incomes on VATable items, I am sure that he will find not only that he is wrong, but that he is out of sync with other Liberal Democrats—his leader, in fact, and his deputy leader—who have said exactly the same as I have. No wonder that the Liberal leader had to write to his MPs today to insist that he had not sold out on his party's promise to protect those who are on average incomes.

I simply refer those hon. Members to "Liberal Democrat Voice", published on 8 April, in which the Liberal leader said:

"So if you're on an ordinary income, you have a choice. If you want your taxes to rise: vote Labour or Conservative. If you want your taxes to fall: choose the Liberal Democrats."

The smugness is breathtaking, but nowhere near as breathtaking as the G-forces exerted by the speed of the U-turn that he has performed. His talk of progressive cuts certainly did not go down well in Sheffield, Hallam, where the axing of the Labour Government's £80 million loan to Sheffield Forgemasters has denied his constituency of the manufacturing future and new jobs that local people so badly wanted and that he once said that he believed in.

As the Social Liberal Forum reminded the Deputy Prime Minister in an open letter last week:

"The Liberal Democrats did not sign up to the Conservative formula of cutting £4 for every £1 raised in additional revenue and it would be impossible to pursue such a policy without adversely hurting the most vulnerable in society. With this in mind, it seems incomprehensible that we could be contemplating a rise in VAT at this stage. As the Liberal Democrats pointed out before the election, a VAT rise to 20% would cost every person in the country an average of £389, disproportionately hurting the least well-off who would be least able to afford it."

That is Liberal Democrats talking. Frankly, we expect the Conservative party to attack the poorest in society. It was rather refreshing to be told a week last Thursday, by the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill), that

"Those in greatest need ultimately bear the burden of paying off the debt".—[*Official Report*, 10 June 2010; Vol. 511, c. 450.]

At least he got it right.

Paul Blomfield (Sheffield Central) (Lab): It is unfortunate that the Deputy Prime Minister is not listening to the comments about Sheffield Forgemasters, and I assume that he was not listening to the Prime Minister's remarks yesterday, when he made disparaging comments about the shareholders of Sheffield Forgemasters and the financial engineering associated with the deal, which has been through the most robust critique by the Treasury. Does my hon. Friend agree that, when the Deputy Prime Minister returns to Sheffield, it would be appropriate for him to apologise on behalf of the Prime Minister for those comments?

Barry Gardiner: I entirely endorse my hon. Friend's remarks. The only thing that I find more smug than the comments that have been made was the fact that, during the entirety of oral questions to the Deputy Prime Minister, he refused to answer any of the questions that he would have found difficult to answer. One wonders why they are called oral questions to the Deputy Prime Minister if he is not going to bother to answer them.

Mary Creagh (Wakefield) (Lab): How does my hon. Friend feel that the Budget will impact on the poorest of his constituents in Brent? The impact will be felt by the poorest people across the country, but does he agree that, with this Budget, we have finally seen the Liberal Democrats for what they are: the real wolves in sheep's clothing?

Barry Gardiner: My hon. Friend is absolutely right. It is very clear that the Liberal Democrats vary not just what they say from doorstep to doorstep, but what they say before the election from what they do after the election, and many of us have bitter experience of that.

Today, it was interesting to hear the Chancellor say that council taxes will be frozen. I thought to myself, "Yes, I've heard that mantra before." My hon. Friend

prompts me. That is exactly what the Liberal Democrats promised in the run-up to the 2006 local elections in Brent. Strangely, after that local election, they went into a coalition with the Conservatives, who had promised not just a freeze on council tax but a reduction in council tax. When they got into power, what did they do? They raised council tax for three years in a row.

Moreover, before the election, the Minister of State, Department for Education, the hon. Member for Brent Central (Sarah Teather), was photographed with the elderly—I have a copy of it here—and appeared on a leaflet that said, "Free Personal Care for the elderly say Lib Dems", but when they got into office on Brent council, they raised the personal care charges from £5 an hour to £16.50 an hour.

When the Chancellor talked today about how the Government would freeze council tax, I thought, "Yes, I know how they will manage to do that." All the charges that councils make people, such as elderly residents in Brent, pay will be bumped up. The increase will be imposed not on council tax, but on those who have the very least ability to pay—the most vulnerable people in our community.

Last week, I was invited to the Brent Teachers Association meeting to debate the future of education in the borough with the Minister of State, Department for Education, the hon. Member for Brent Central. As she had promised in her election literature an extra £2.5 billion towards education and smaller class sizes, but subsequently approved a £1.88 million cut to the borough's education area-based grant, I was looking forward to that debate. However, I understand that, half an hour before the start of it, her office phoned to indicate that she was indisposed and could not attend. If I had been in her position, I would have been indisposed and unable to attend, too. To cut one's education department in the borough, having promised such a vast increase in the education spending, is typical of how the Liberal Democrats have proceeded around the country, and we now see that what they do in national government is absolutely no different. The disillusion of those who believed the Liberal Democrat promises before the election can be only further deepened by the Budget statement that they have heard today.

Jo Swinson (East Dunbartonshire) (LD): Will the hon. Gentleman give way?

Barry Gardiner: No, I am moving on from the Liberal Democrats. *[Interruption.]* We have got to go for the Tories now. Go on, I will give way to the hon. Lady.

Jo Swinson: I thank the hon. Gentleman for rethinking and giving way. I am listening to what he is saying with great care, but I wonder whether he is going to tell us—I am yet to hear about this from any Labour politician—where he would like any of the £44 billion of cuts that the Labour Government decided were required to fall.

Barry Gardiner: The hon. Lady has been a Member for a number of years. She will remember the answer that she and her colleagues gave when they sat on the Opposition Benches and Labour Members asked them exactly that sort of question: "You're in government. It is you who provide the answers and we who ask the questions."

People were told, "Vote blue, go green." Vote blue, go green? Go green with frustration? Go green with fury? Where was that—did I miss it? Was there anything in the Budget about going green? I heard a mention of an investigation into whether there should be a per-passenger or per-plane duty, but that hardly constitutes vote blue, go green. There are many things that a really progressive Government could be doing to improve the way in which the environment is treated in this country.

Stewart Hosie (Dundee East) (SNP): The hon. Gentleman is absolutely right that there are a great many such things—fairness in transmission charges to the grid, for example, and access to the fossil fuel levy—so perhaps he will explain why, over 13 years, his party did not do them either.

Hon. Members: Answer.

Barry Gardiner: I am happy to give an answer to the hon. Gentleman. We introduced the first legislation on climate change anywhere in the world. We put in place carbon budgets and feed-in tariffs. We ensured that we set a reduction target for 2050 of not just 50% but at least 80%, with interim budgets that can be examined every year, so that Parliament can hold the Government to account. The Labour Government achieved substantial things on the environment, but I agree with the hon. Gentleman that we did not do enough. I often spoke from the Government Benches to ask my own Ministers to go further. In addition, the system of renewables obligation certificates is a good deal more generous in Scotland than in England. However, does the Budget address the environment? Not one whit; we heard only a mention of an investigation into duty for planes rather than passengers.

Heather Wheeler (South Derbyshire) (Con): If the hon. Gentleman reads page 57 of the Red Book, he will see that it states:

> "Legislation will be in the Finance Bill introduced in the autumn for an enhanced capital allowance for zero-carbon goods vehicles."

If that is not a green element, I do not know what is.

Barry Gardiner: The hon. Lady is new to the House and might not have had the opportunity to read earlier Red Books. The previous Government were also doing quite a bit on zero-carbon vehicles.

The Budget is a dreadful missed opportunity. It should have ensured that we can resolve the problems with our public finances and pull the country through the recession. It should have achieved that in a staged and phased way. The Government tried to paint a dichotomy between those who appreciated that this had to be done—that this was the inevitable Budget—and, as they put it, those on the other side who said, "No, no. Hold back." However, it was never like that. Labour Members said that this must be done, but more progressively and slowly. We said that we must not jeopardise the recovery now by taking a macho posture that goes too far, that chokes off recovery and that will ultimately be self-defeating.

Christopher Pincher (Tamworth) (Con): Will the hon. Gentleman give way?

Barry Gardiner: I am about to conclude my remarks.

If the Opposition's policies had been followed, we could have pulled the country through the recession and reduced the structural deficit to half its present level, as has been shown by today's predictions and forecasts. However, the Government have decided to go for machismo over prudence—they will pay the price for it.

2.15 pm

Malcolm Bruce (Gordon) (LD): The Labour party's synthetic anger, and the rather pompous and patronising show that we have just seen, are perhaps a reflection of Labour Members' inability to accept their share of responsibility for the mess that the country is in. The party is in total denial. It is leaderless and rudderless, and it has not even had the courtesy to apologise to the British people for what it did. Perhaps Labour Members are also reflecting on the things that they could have done over 13 years but never got round to, such as restoring the earnings link for pensions, introducing a bank levy and raising the tax threshold. I do not think that Labour Members will find those on these Benches receptive to a party that has shown no leadership, no responsibility and no ideas, and that does not know where it is going.

We should be grateful that my right hon. Friend the Chancellor has set out a Budget that has ideally balanced the need to deliver tough control over our finances with a fair approach that, as the Red Book shows, will mean that in tax terms 80% of people will be better off under the Budget, while the richest 20% bear the greatest share of the burden. That is a proper expression of a progressive Budget.

Jack Dromey (Birmingham, Erdington) (Lab): The right hon. Gentleman talks about balance and fairness. Will he comment on the balance between £11 billion of welfare cuts and less than £2 billion from the bankers, which is offset by the decrease in corporation tax? Will he also comment on the fairness and balance of setting an average of £35 per household from council tax against taking an extra £12 billion in VAT, which will hit the poor hardest?

Malcolm Bruce: I am sorry but that intervention also shows no recognition of the fact that we have to find the money from somewhere. Our approach to that gives the poorest the most and makes the richest pay the biggest contribution. I cannot think of anything more progressive than that, and the more the hon. Gentleman and others consider the Budget, the more they will recognise that it stands up to robust analysis.

I had the honour of being my party's Treasury spokesman between 1995 and 2000. During the 1997 election, the Liberal Democrat manifesto included an aspiration to raise the threshold at which people started to pay income tax to £10,000. That was only an aspiration because, try as we might, we were unable to find the resources at that time to pay for it. However, when the Labour Government were elected in 1997, the first thing that they did was to introduce the most generous capital gains tax relief that the richest people in this country had ever enjoyed—Mrs Thatcher never contemplated it! However, closing such tax loopholes has enabled us to start to deliver the increase in the tax threshold so that people will not have to pay tax and then apply for benefit, as the Chancellor said. I for one am absolutely delighted to support a Budget that fulfils a commitment set out in an aspiration on which I fought the 1997 election.

The hon. Member for Brent North (Barry Gardiner) suggests that Liberal Democrats should be ashamed of the Budget, but far from it. There is much in the Budget of which to be proud, and I make it clear to right hon. and hon. Friends in the Conservative party that it is not a Conservative Budget or a Liberal Democrat Budget, but a coalition Budget. I would argue that it draws on the best on both parties. Those parties command the support of the majority of the British people, and the Budget's approach will deliver benefits to the majority of the British people. I said in the election campaign, when I became aware of the seriousness of the financial situation facing the country, that the position would be much better after the election if cuts that had to be made were implemented by more than one party, as they would be forced to engage with each other and find a balance that would be more acceptable than measures adopted by one party running for a sectional interest that did not have the same strength of appeal. I honestly believe that the coalition has found a dynamic that has delivered something that is greater than the sum of its parts: a Budget that is genuinely progressive.

Simon Hughes: Does my right hon. Friend agree that another part of this package is fundamental? The discussion about the cuts and savings in public expenditure will take place with the public, the trade unions, business, communities and local government, so that decisions are not only informed by the prejudices of civil servants and Ministers but are made as a result of the widest consultation with the British public to make sure that although, yes, they may be tough, they will be absolutely fair.

Malcolm Bruce: I am grateful to my hon. Friend. Opposition Members and the wider audience looking at the Budget should examine it in detail and recognise the extent to which it is based on a much broader consensus and approach to consultation, while being radical across the piece and balanced. That is not easy to achieve, and I am prepared to admit that I had my doubts about whether the Chancellor of the Exchequer would be able to achieve it. I am pleasantly surprised by the extent to which he has been able to do so.

Indeed, there is little in the Budget to which I can fundamentally take exception. It is absolutely true that an increase in VAT is a painful decision—there is no question about that. It is difficult to understand how the Opposition could balance their books without any such tax increases. Although our proposals in the self-contained Liberal Democrat budget did not require an increase in VAT, we always said that if the financial situation required it, we would not rule it out. We never did rule it out, so those attacks that suggest that somehow this is a betrayal are not true. There was careful and guarded explanation of that position.

Mr Redwood: Has the right hon. Gentleman noticed that on page 45 of the Red Book the public spending figures make it quite clear that there is not a single year in which there is a cash cut in overall public spending? Public spending goes up every year in cash terms.

Malcolm Bruce: I am grateful, because I have not had time to look at the Red Book, only at one or two selected items. The health budget overall is protected. As the Chair of the Select Committee on International Development, I am delighted that the coalition is committed not only to protecting the aid and development budget but, over the coalition period, to delivering our promise of 0.7% of our gross domestic product in overseas aid spending.

Even in these difficult times, we can protect key areas, and the Chancellor demonstrated his recognition of the vulnerability of education and his desire to make sure that it received a degree of protection. I have been involved in working up a policy on the future of Royal Mail and the Post Office. I do not know how many times most hon. Members have debated the closure of post offices and problems in the Royal Mail. We all recognise that what we have at the moment is not fit for purpose, and has to be radically reformed and changed. I can honestly say that the Liberal Democrats have made a big contribution to producing a proposal that brings capital into Royal Mail, will help to support the post office network, and will enable Royal Mail employees to take a share in the business in which they are engaged in a way that makes it a much more co-operative venture. That is something that we have brought to the coalition, and I am delighted that it has been accepted.

A number of small details are worth acknowledging—for example, reversing the policy on furnished holiday lets, which affects some constituencies more than others, but is a serious cause of concern for people who have a single holiday cottage, and who would not have been able to maintain it. The policy would not have been good for tourism, and it was not a fair system, so I am glad that the Government have withdrawn it.

The commitment to deliver broadband support across the country is extremely important for rural areas, because if we want to encourage people to run businesses in such areas they need access to high-speed broadband. I am attracted to the proposal to provide finance for regional capital, although I want to hear the details of it. I can certainly think of projects in my constituency that I want to suggest to Ministers should bid for that fund. Indeed, I wrote to them in advance of the need, before I knew that there was a fund to tap into, but I think that it has real prospects. An important part of the Budget, which goes completely against the rant by the Leader of the Opposition, is the promotion of enterprise to create new jobs and businesses, whether through corporation tax reductions, decreases in national insurance costs for small businesses, or a regional premium for those areas where the public sector is disproportionately large.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): My right hon. Friend will know, as he represents a neighbouring constituency, how important the oil and gas industry is to our constituencies. It was refreshing not to have a tax bombshell dropped on that industry, as has happened in the past. The press notices for the Budget say that further improvements in the field allowance regime will be made to encourage exploration in the high-temperature, high-pressure world. That industry brings so much revenue into the Treasury that it must be treated in such a way as to make sure that the maximum investment is delivered.

Malcolm Bruce: My hon. Friend and I represent neighbouring constituencies, where a high proportion of people and companies work in the oil and gas industry. Far too often—and this applies to both Labour and Conservative Governments—sudden changes in the tax regime have been deeply damaging, and I am grateful that that is something else that will be done by consultation. It is, I hope, recognition that north-east Scotland, which my hon. Friend and I represent, makes a disproportionately large contribution to the economy of Scotland and of the United Kingdom, not just in oil revenues but in the 450,000 jobs that derive from the activities that run out of Aberdeen and north-east Scotland. There is £5 billion of exports in sub-sea technology, and a burgeoning new industry in marine renewables, which uses the same technology. It is important that the Government understand how they can support that industry, so my hon. Friend's intervention is pertinent and relevant.

I declare an interest, as I have a grown-up deaf daughter who receives disability living allowance, so I certainly welcome the simplification of the process for applying for that abstruse allowance. It is not means-tested—people do not have to prove that they need the money; in fact, that is not a valid reason at all for qualifying for it—as individuals have just to prove how disabled they are to enable someone to make a judgment. That is difficult, and it goes against the grain for disabled people, who want to show how able they are, in spite of their disability. A simple medical test, if it is applied objectively and fairly, would work, and I hope that someone like my daughter, who can prove that she is profoundly deaf, would automatically qualify, as would others with a similar category of disability.

Jim McGovern (Dundee West) (Lab): I would like to take the right hon. Gentleman back a couple of steps. He said that his party, and presumably the coalition, welcome the part-privatisation of Royal Mail, but is he aware that people employed by Royal Mail definitely do not welcome it?

Malcolm Bruce: I am aware that some people employed by Royal Mail have argued that they are not in favour of that, but they include people who are involved in the downfall of Royal Mail, too. We have to undertake a consultation, and let those people make a judgment. Royal Mail needs capital, without which it cannot survive and compete. It is a good idea to give the employees a real stake in a reinvested and reinvigorated Royal Mail. I hope that when many of them see what has been proposed they will welcome it as a positive.

Mr Brian Binley (Northampton South) (Con): Does my right hon. Friend accept that the real need for Royal Mail is to get an injection of management skills, which is what the proposals will create?

Malcolm Bruce: Good management and good industrial relations are something that Royal Mail needs. Perhaps we all need to pull together a little bit to make that happen, but reinvigorating the organisation financially is part of the process.

I had some reservations and concerns about the proposal to freeze council tax, although my fears have been substantially allayed by what the Chancellor said.

[Malcolm Bruce]

We have had a freezing of council tax in Scotland under the Scottish National party Administration, and I believe that it is a populist but extremely regressive development, because it effectively weakens local authority control and accountability and strengthens the centre.

The tone of the Chancellor of the Exchequer's explanation of the measure allayed many of my fears. He said, first, "for one year" and, secondly, "based on incentives and encouragement, rather than imposition". However, I hope that the measure will be set against a background whereby we think again—this is in the coalition agreement—about how we finance local authorities in a way that not only makes them locally controlled and accountable, but reduces the intervention of central management and control. I repeat that: although freezing council tax in Scotland is popular because people do not have to pay for an increase, people realise over time that their local council does not have the flexibility to fund some of the services that they want. People have certainly said to me, "We'd rather pay a little bit more council tax and have more investment in our schools," or roads, or wlfatever it may be, so it is not the right long-term way in which to operate local government finance.

Stewart Hosie: The council tax freeze is most certainly popular, but the argument that it removes flexibility is completely wrong. The Scottish Government ended ring-fencing. We trust local authorities—*[Interruption.]* Ah! I see from the sneers that the Liberals now want to bring back ring-fencing and put up the council tax. Are they at odds with the Scottish Government or their coalition partners?

Malcolm Bruce: I was not quite sure how the measure went down in Glasgow. I am very disappointed by the hon. Gentleman's intervention, because he could have defended the council tax freeze as a short-term measure in difficult circumstances—although nothing like as difficult as our current circumstances. However, he cannot possibly defend it as a long-term policy, arguing that councils have no right to determine their own precept, and that it is entirely a matter for the Scottish or UK Governments. That cannot be the right way to proceed, and I hear nothing from the Scottish National party about its ideas. Its local income tax policy was simply not viable.

Stewart Hosie: You voted against it.

Malcolm Bruce: Well, it was not viable and it did not add up, because it was not local. That was the problem. It was a central measure. Indeed, the hon. Gentleman might also want to listen to the fact that the centralisation of business rates is one reason why north-east Scotland is so underfunded. The city of Aberdeen pays £150 million a year in business rates to Edinburgh—to the SNP Government—and gets £75 million back. That is a pretty bad deal for a city that supports the economy and has severe financial difficulties, so I do not think that we need to hear any more from the SNP.

Michael Connarty: Will the right hon. Gentleman give way?

Malcolm Bruce: No. I want to proceed to a conclusion.

Stewart Hosie: You've become a Tory very quickly.

Malcolm Bruce: I do not really understand where these people are coming from. I believe in an open, pluralistic democracy and a reformed electoral system, and I believe that, ultimately, we should all recognise that we are all minorities. No one party in the House commands majority support, and that is why we have a coalition. That is what the electorate, effectively, voted to deliver. If we want a democratic, pluralistic system, and if government is to be delivered, we have to recognise that one way or another more than one party will have to work together, either by supply and confidence from the Opposition or in a full-blown coalition.

Chris Leslie (Nottingham East) (Lab/Co-op): Will the right hon. Gentleman give way?

Malcolm Bruce: No.

Confidence and supply gives the minority Government the freedom and the party providing the confidence and supply the responsibility, and that does not seem to be a good deal. Coalition gives both parties the opportunity to be full playing partners, to inject their own ideas, policies and people and to strike sparks off each other in ways that they could not if the situation were different. Over the past seven weeks, I have been really pleasantly surprised by how many sparks have been provided and by how rigorously a flame of reform has been blown into life as a result of the coalition.

When the Leader of the Opposition reflects on the intemperate tone of her response, she will understand that the people will say, "Those in Labour are substantially responsible for the situation in which the country finds itself, they are in total denial and they have not offered an apology or an explanation of anything that they would do." Right now, they should just go away, have a leadership competition and let the rest of us get on with running the country and getting it out of the mess in which they left it.

2.34 pm

Sammy Wilson (East Antrim) (DUP): First, we all must recognise that this is a very difficult Budget at a difficult time. Throughout the United Kingdom, people are talking about this Budget. They were fearful of what was going to come out, of its consequences and of the fallout from it. However, as the Chancellor said, with the announcement of the emergency Budget, at least we can now start to inject some certainty into the economic way forward, and from that point of view it must be welcome. Secondly, despite the background to the current situation, there is still immense economic uncertainty, even among those who have been professional economists, about the best way forward. I shall address that point when I discuss what we are looking for in the Budget.

Thirdly, I come from Northern Ireland, where the major party in the coalition was recently rejected by the electorate, so we do not have too much to fear from them; where the Labour party does not even stand; and where the Liberal Democrats do not have a presence, either, although they have a sister party in the Alliance party. Therefore, the political point scoring in the debate so far does not have to form part of my response. I sit

on the Opposition Benches, but the Leader of the official Opposition's hysterical reaction does not grace this debate with the seriousness that it deserves. There was not even any recognition of the role that the previous Government played. Although there were many other responsible factors, the previous Government played a role in the situation in which we now find ourselves. Indeed, there was not even any recognition that, as today's figures point out, something similar would have had to be done if there had been a different outcome in the election. The Leader of the Opposition's reaction was disappointing, and it is right that I make that point. However, I do not make it because I have to score party political points; I make it just as a general observation on a very serious situation.

Stephen Pound (Ealing North) (Lab): I appreciate that the hon. Gentleman is rising above the fray in this debate, but, as a former economics lecturer, is he as concerned as I am about paragraph 2.108 of the Red Book, which refers to

"rebalancing the Northern Ireland economy"?

I suspect that I know what that means. What does the hon. Gentleman fear it means?

Sammy Wilson: I shall come on to the issue of rebalancing the Northern Ireland economy. My understanding is that it is in keeping with the Northern Ireland Executive's programme for government, namely that we cannot for ever remain as dependent upon the public sector as we are at present. There must be a rebalancing, so that we have a structured economy that allows for greater private sector involvement and, therefore, leaves us less open to the dangers of what has had to be done today. I do believe that what has been announced today will be very detrimental to the Northern Ireland economy in the short term.

However, let me turn to what we were looking for in the Budget. We want a Budget that is effective at getting us out of the current economic situation. The Chancellor's view is that, given the size of the debt, the interest that is accumulating on it and the fact that we have to finance it for a large number of years, we must show the financial markets that we are serious about getting the deficit down. That will ensure that our good credit rating continues, and that we do not have to borrow at punitive interest rates and, therefore, take even more money from that which we have for current spending. I have been able to have only a cursory look through the Budget statement, but it seems that the Chancellor's assessment is that if we do not do this quickly, we will find that our credit ratings go down and we lose the confidence of the financial markets, with all the consequences of that.

The other side of the coin is that if that assessment is wrong—if our credit rating is good for a number of years, because we show that we are starting to make efforts and we do not have to take draconian measures of the kind that have been announced today—then withdrawing public spending from the economy will lead to a downward multiplier effect. That will impact on the level of growth, thereby getting us into what has been called the double-dip recession, whereby tax revenues go down, welfare spending goes up, support for industry has to increase, and we get ourselves into an even bigger muddle.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Does the hon. Gentleman recall that prior to the election, the leader of the Conservative party particularly targeted Northern Ireland and the north-east of England, my region, for criticism on account of the amount of investment in public sector funding? We have seen in today's Budget that the Chancellor has not heeded the advice of the North East chamber of commerce, a leading voice of business in the north-east, which has said that the Chancellor and the coalition Government need to re-check their commitments on public sector spending so as not to jeopardise economic growth in the north-east.

Sammy Wilson: The hon. Gentleman is leading me on to my second point, which is about fairness, but let me finish this point first.

I have described the two sides of the argument. It is a subjective assessment, because the report before us does not present any conclusive evidence to the effect that the financial markets are so nervous that we have to take such deep, draconian action at this stage. Neither is there an assurance that the reduction in the amount of money that is going into the economy as a result of public spending cuts will not have an impact on economic growth.

Mr Redwood: I think that we should try to talk about the Budget that was actually presented. The figure for total spending in 2009-10, the last year of the previous Government, was £669 billion, and the forecast total spending for the last year of this Government, if they run to five years, is £737 billion. That is an increase of about £77 billion over the period, so what is the hon. Gentleman talking about?

Sammy Wilson: The right hon. Gentleman quotes the figure for spending, not the figures for taxation or, indeed, those relating to bringing down the deficit. That money was borrowed to be pumped back into the economy, so the amount of money going into the economy will be substantially less.

This is a subjective assessment, because the report does not give us any clear picture of what the likely impact will be. At least we now have an independent body reporting on whether these measures will be effective, but only time will tell as to whether the risk that has been taken today will pay off and will balance the economy quickly.

Gavin Barwell (Croydon Central) (Con): Is the hon. Gentleman aware of the paper published by Goldman Sachs on 14 April, which reviewed every major fiscal correction in the OECD since 1975, and concluded,

"we find that decisive budgetary adjustments that have focused on reducing government expenditure have...typically boosted growth"?

Sammy Wilson: The context in which those adjustments take place is important, as is the speed at which they happen. All I am saying is that one way in which this Budget must be judged is on how effective it will be. Neither the report, nor the assurances given by the Chancellor today, offers any firm guarantee, if indeed that can be given, that the Budget will be effective.

The Financial Secretary to the Treasury (Mr Mark Hoban): I suggest that the hon. Gentleman look at the report by the independent Office for Budget Responsibility in the Red Book, which sets out the impact on growth of the package proposed by the Chancellor and suggests that, post-2012, GDP growth will be stronger than the OBR initially estimated in its work prior to the Budget.

Sammy Wilson: As far as I am concerned, this is not about scoring political points off the Conservative party; the Conservatives do not present any threat to us in Northern Ireland. This is all about ensuring that the citizens of the United Kingdom do not have to live in the economic doldrums for a long period. I hope that the projections that have been quoted are correct, but it is right at least to look at both sides of the argument and make an assessment on that basis. Should these measures have been delayed, or should we have jumped in as we have done?

Secondly, we will judge this Budget on the basis of fairness. I look at that in two ways. First, is it fair to individuals; and secondly, is it fair to specific regions of the United Kingdom? The second point, as the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) suggested, is extremely important to people in Northern Ireland. Before the election, the Prime Minister—he has tried to explain it away and qualify what he said—stressed in a "Newsnight" interview that Northern Ireland is heavily dependent on the public sector. That is a fact, but he then implied that Northern Ireland would be targeted as a result. That is one of the reasons why the alliance between the Ulster Unionist party and the Conservative party failed so miserably—I do not know how well it would have done otherwise. People in Northern Ireland were extremely nervous that we in that part of the United Kingdom were going to be treated unfairly.

Under the proposals in today's Budget, a regional fund will make money available immediately. However, it will not apply to Northern Ireland, or to Scotland or Wales, but only to England. Infrastructure projects have been guaranteed spending, but none of that applies to Northern Ireland. We are promised a report in the autumn on how Northern Ireland's economy might be rebalanced, including an examination of proposals on economic enterprise zones, a possible mechanism for changing corporation tax rates, and other economic reform options. I look forward to that paper, and I am sure that the Northern Ireland Executive will do so too, but I note that that paper is merely examining options and proposals.

The Northern Ireland Executive have made a genuine attempt to restructure the economy by using public policy and public spending, trying to build up the infrastructure, trying to get people economically active by giving them new skills and preparing them for work, and so on. The reduction in public spending will have an impact on the ability to do such things, because they required that pump-priming. We will look to see how quickly the impact of the reductions in public spending is offset by some of the proposals in the promised paper on rebalancing the economy. This is important to us, and we want to drive it forward, but it will be made more difficult by some of today's announcements.

Mark Durkan (Foyle) (SDLP): Does the hon. Gentleman recognise that in the autumn, around the same time as the consultation document on rebalancing the Northern Ireland economy is published, the Executive and the Assembly will find out the outcome of the review of departmental expenditure limits in the current comprehensive spending round? That will have an effect on what Northern Ireland gets through the Barnett formula. The Budget also projects serious reductions in annually managed expenditure in the form of social security benefits, and those two squeezes on Northern Ireland combined could have a high economic impact that would make what is in the consultation document pretty irrelevant.

Sammy Wilson: That is related to the point that I made about the downward multiplier impact that the proposals will have on the UK economy, and particularly on the Northern Ireland economy. I am always reluctant to plead special cases, but one has to consider where Northern Ireland is in the economic cycle. We lag behind, as we are still in the downward part of the cycle. All the available indices, whether of output, employment, forward orders, investment or whatever else, show that we are still on the downward slide in the cycle. Our concern is about the impact that the attempts to restructure the economy could have, and the fact that while growth might occur in the rest of the United Kingdom, we might find ourselves still stuck in a recession because of the particular circumstances in Northern Ireland.

Ian Paisley (North Antrim) (DUP): On the subject of fairness and special cases, the Red Book outlines a special case for Scotland, where there is to be a possible pilot scheme for rural fuel duty. Given that Northern Ireland is the only region of the UK that has a land border with another EU state whose fuel duty is progressively lower than ours, would it not be wise for that possible pilot scheme to be extended to the region that would benefit most from its findings?

Sammy Wilson: I would like to see that scheme initiated quickly in Northern Ireland. I suspect that it is one of the proposals that the Liberal Democrats were keen on pushing forward. Given the rural nature of much of Northern Ireland and the particular circumstances that we face, we would welcome it. We will be interested to see the outcome of the pilot scheme and how quickly it is rolled out across the rest of the UK, if at all.

I turn to fairness for individuals, on which there are things to be welcomed in the Budget. I suppose that at the end of the day, it will all be about balance. I am pleased to see that the pledge to restore the link between earnings and pensions has been honoured. For many pensioners who find themselves in difficulty, that will be an important gain. We also have the banking levy, the change to capital gains tax for those paying the top rate of tax and the fact that the pay freeze will not apply to those at the lower end of the public sector pay scale. There has been a genuine attempt to recognise that those who are already on low incomes should not be pushed down further.

On the other hand, there will be concern about the regressive nature of the VAT increase and the freezing of child benefit and tax credits. I am particularly concerned about the backdating of tax credits for one month

instead of three, and I hope that the Chancellor will give us an answer about that. I hope that Her Majesty's Revenue and Customs will improve its performance in dealing with tax credits, otherwise many people will have an unfair result through no fault of their own. They will be powerless against a bureaucracy that seems unable to move on the issue.

Kate Green (Stretford and Urmston) (Lab): Is it not also the case that the families whose circumstances are most prone to change will be particularly hard-hit by a mere one-month backdating period? Those are families, of course, for whom jobs are particularly stop-go and at risk. The risk to families who already face dangerous and unstable economic circumstances will be heightened by that ungenerous measure.

Sammy Wilson: Not only are those the families whose circumstances are most liable to change, they are often the ones who find it the most difficult to deal with the bureaucratic maze that they face when making applications. I should like to hear from the Chancellor what proposals are in place to ensure more efficient processing of claims.

The final thing that I am looking for in the Budget is some certainty, particularly about its impact on Northern Ireland. We have been told that there will be a 25% cut in departmental expenditure limits over the next four years, but that it will not apply evenly and some Departments and areas of Government spending will be hit more than others. In Northern Ireland, we have now started the budget process. Because of the neglect of the previous Government, there was no comprehensive spending review announcement for the previous year, so we are planning in a vacuum. It is important that information be made available quickly to regional Assemblies as to what the impact on their departmental expenditure limits is likely to be, so that effective planning can take place. There is nothing worse than asking Departments to deal with difficult economic circumstances and then giving them a list of parameters and assumptions that are so vague that is almost impossible for them to make any long-term decisions.

If less money is going to be available, it has to be used more effectively. For that, there must be an ability to plan, so that we can look forward and see how that money can best be put to use and how Departments might work together to get more services from the available money. That can be done only if there is certainty, so I appeal for the information that regional Assemblies require to be given to them quickly.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I am sure that Members will wish to observe the conventions of maiden speeches when they take place. We will have a small number of them this afternoon.

2.57 pm

Simon Reevell (Dewsbury) (Con): I am grateful to you, Mr Deputy Speaker, for the opportunity to make my maiden speech this afternoon. It is both an honour and a privilege to make these observations on behalf of the constituency of Dewsbury, which sits proudly in the West Riding of Yorkshire and comprises, in its northern half, the towns of Dewsbury and Mirfield, and in its southern half the rural wards of Denby Dale and Kirkburton.

Dewsbury is a diverse constituency in both geography and population. It has many famous sons and daughters, but before I mention just a few of them I should pay tribute again to Corporal Stephen Curley of 40 Commando Royal Marines, who was from Dewsbury and who recently made the ultimate sacrifice for our country in Afghanistan. Those of our footballers in South Africa who hint that their poor performance may be attributed to being away from their families for a few weeks should reflect on the fact that our real heroes are serving six-month operational tours in Afghanistan.

I referred to sons and daughters of Dewsbury, and I cannot make reference to any of them without mentioning Betty Boothroyd, as was, who became Speaker in 1992 and remained so for eight years. Another Dewsbury politician is my predecessor as a candidate, Sayeeda Warsi, who is an inspiration to many young Muslim women in my constituency and beyond. I should mention Sir Owen Richardson, who won a Nobel prize in physics; Patrick Stewart, an outstanding actor on television, screen and stage; Eddie Waring, successful pre-war manager of Dewsbury's rugby club and for so many years the voice of rugby league; and current British super-featherweight champion Gary Sykes.

Although it is interesting to note the achievements of the famous, the real issues that affect people's lives are my primary concern. In the Denby Dale ward, the village of Birdsedge supports sustainable energy, but rightly cannot understand why anyone would try to site huge turbines so that they overshadow the village and village school. Renewables are important, but so is quality of life, and I am pleased that the planning process will soon reflect that. I support BOLT—Birdsedge and district Opposition to Large wind Turbines—the village's action group.

The villages of Skelmanthorpe and Scisset recognise the need to provide homes to sustain their villages, but could not understand how anyone could suggest doubling them in size without addressing the infrastructure that thousands of new homes would necessitate. Thankfully, the regional spatial strategy is behind us, along with the local development framework, but the local authority must recognise local people's legitimate concerns as it considers its plans. I am pleased to support Save Our Scisset and the Skelmanthorpe community action group.

In the Kirkburton ward, there are successful businesses supplying everything from mineral water to precision engineering components. There is a remarkable company, which manufactures a machine that can prevent hair loss—

Stephen Pound: Really?

Simon Reevell: It is good, but not that good. It can prevent hair loss for some chemotherapy patients.

I have given examples of enterprises that must be encouraged, and the same applies to those who farm in rural areas. Honest food labelling is a reasonable request from those who farm the southern half of my constituency. Those who maintain our countryside and those who build up private sector businesses deserve a tax system that recognises generations of careful investment.

In Mirfield, as everywhere, education is important. Mirfield's Castle Hall and the Mirfield free grammar are two of the local authority's top performing schools. It was acknowledged that any sort of merger would

[Simon Reevell]

harm the standards in both, yet that was the local authority's plan. Many groups and individuals fought those proposals, and this is an appropriate moment to pay tribute to my predecessor, Mr Malik, who, through this involvement, put party loyalty to one side and stood with parents, pupils, teachers and politicians of all parties to oppose the local authority's proposal. It is a good example of how a constituency MP should and did put people before politics. The schools adjudicator threw out the proposals for Mirfield, and I hope that they never resurface, but against such a background, schools such as Mirfield free grammar now look to academy status.

Mirfield has an excellent Air Training Corps and Army Cadet Force. Those organisations teach young people discipline, self-confidence and respect. Their colleagues in the Sea Cadets and Army Cadets in Dewsbury do the same.

Let me consider the town of Dewsbury. It was in the news again last week when the local authority published the summary of its serious case review into the Shannon Matthews case. I am glad that the publication of the entire report will follow, but publication of the summary was sufficient to cause the media to descend once more on the town. The real story is that the people of the town of Dewsbury are no different from the people of Mirfield, Kirkburton or Denby Dale. The Shannon Matthews case concerned only two members of a single family, who behaved in a truly appalling way, but no two individuals can define a town. What defines Dewsbury is the fact that when the people of the town believed that a vulnerable young girl had been abducted, friends, neighbours and strangers spent hour after hour, night after night searching for her, just as they would do in Kirkburton, Mirfield or Denby Dale.

That is not to say that Dewsbury is without problems. Despite its fine Victorian buildings and the best market in the country, regeneration is a priority, and there is a growing feeling that there is an obligation on the local authority to consider carefully whether relocating part of its work force to Dewsbury, a town with first-rate road and rail access, would be a responsible contribution to that process. Some landlords must be more realistic about their rents and more proactive about their responsibilities to the town centre.

Dewsbury's minster stands on a site of Christian worship going back to 672. In its walls nearly 900 years later, the Protestant faith replaced the Catholic faith. More recently came the chapels, and even more recently, the minster was joined on the skyline by the silhouette of the town's mosques. That is a sign of a confident and tolerant place, and no one should be allowed to jeopardise that.

The minster's most famous curate was an Irish immigrant born Patrick Brunty. His is an interesting story. In 1799, after his victory in Naples, Admiral Nelson received the title "Duke of Bronté" from a grateful King Ferdinand. Patrick Brunty changed his surname in honour of the great naval hero. As Patrick Brontë, he worked as curate at Dewsbury's minster, then went with his daughters to the parsonage at Haworth. The novels written there by his daughters, the Brontë sisters, made their new surname famous the world over. The point is not that those who come to West Yorkshire should change their names to honour the hero of the hour, but that much of what we regard as a product of England, even its finest literature, has roots further afield.

Integration is important—it is not about where someone is from, but the extent to which people are prepared to mix, and ensuring that we respect one another, whatever our cultural differences. It is about asking ourselves if a particular course of action will be helpful or inflammatory; whether something we want to do or even want to wear can be better explained or even changed if it alienates others. It is a central issue in the town of Dewsbury. We are entitled to expect integration and to say to community gatekeepers that their role is to hold the gate open, not force it shut. I pay tribute to all the organisations that do so much already to pursue that course.

Many people in my constituency are fed up with working hard and doing their best, and seeing others who make little or no effort being better off because of the vagaries of the benefits system. The system is unfair and I am delighted that, under the coalition Government, it will change to reward those who strive in the face of adversity, rather than those who sit back and ask, "What can I have for as little effort as possible?"

I thank those who worked so hard to win in Dewsbury. No one had a better team than me. I recognise that alongside victory comes great responsibility. It is an enormous privilege to shoulder that responsibility on behalf of the constituents of Dewsbury.

3.7 pm

Rachel Reeves (Leeds West) (Lab): I have great concerns about what the Government have outlined today. First, international evidence shows that hasty cuts will derail growth. Secondly, by failing to set out a vision for the future, the coalition destroys our chances of rebuilding a balanced economy. Thirdly, the Budget's measures will hit the poorest in society—those who can least afford the pain—hardest. I fear for my constituents in Leeds West and am worried about how they will fare in the months and years ahead.

On growth, it is clear from the Chancellor's speech that he has chosen to ignore the harsh lessons of history—from Japan in the 1990s and the USA in the 1930s. Despite his talk of a plan for growth, as a result of today, we face the real prospect of a double-dip recession.

I wholeheartedly agree that the deficit needs to be cut, but the issue is whether it should be cut this year or next year, and the method of making those cuts. The surest way to bring down the deficit is to embed strong and sustainable growth, but we heard nothing about that from the Chancellor today. The Office for Budget Responsibility's forecasts have revised growth downwards—after those presented only a week ago—by 0.1% this year and 0.3% next year, and an additional 100,000 people are due to go on the dole.

Kwasi Kwarteng (Spelthorne) (Con): What does the hon. Lady think about the sovereign debt crisis in Greece, to which my right hon. Friend the Chancellor referred in his Budget statement?

Rachel Reeves: I thank the hon. Gentleman for giving me the opportunity to address that issue. The debt-GDP ratio in Greece is two and half times that of the UK, and the maturity on UK debt is, on average, 13 years,

compared with an OECD average of two to three years. In addition, the Greek economy remains in recession, while the UK is beginning to recover from a recession. We cannot take that recovery for granted, but our economy grew by 0.3% in the first quarter of this year, and we are beginning to emerge from recession.

The downgrades from the OBR reflect the fact that the cuts will stall the recovery and throw more people into unemployment. There are two ways to reduce the deficit: strong growth, or wielding the axe. The Chancellor has today chosen the latter, and the result will be, as we have seen from those forecasts, weaker growth, higher unemployment, more business failures, more home repossessions and a less competitive British economy. Instead of a strategy for growth, we have been given a strategy for austerity, cuts and pain for working people—the people whom I have been sent to Parliament to represent.

Christopher Pincher: When the Governor of the Bank of England, who was of course Governor when Labour was in power, said that the deficit reduction plan is strong and powerful; when José Manuel Barroso says that fiscal consolidation is necessary; and when Lord Myners, who has made an astonishing but none the less welcome conversion to sanity, says that Governments should spend less than they earn, does the hon. Lady agree with them?

Rachel Reeves: I will give way less often if interventions last that long. The hon. Gentleman made a long intervention, but missed a couple of points on which I should like to fill him in. In its statement from South Korea a couple of the weeks ago, the G20, as well as calling for countries to address budget deficits, argued for growth-friendly deficit reduction strategies. Today we did not get that. Another of the hon. Gentleman's omissions is President Barack Obama's warning. In a letter ahead of the G20 meeting this weekend, he said that we should

> "learn from the consequential mistakes of the past, when stimulus was too quickly withdrawn and resulted in renewed economic hardships and recession".

The hon. Gentleman failed to mention those points, but they are extremely relevant to the debate.

Stewart Hosie: The hon. Lady is absolutely right on the early withdrawal of the fiscal stimulus—so does she regret the fact that her Government were one of only two Governments fully to withdraw the fiscal stimulus package in 2010?

Rachel Reeves: What I regret is that the current Government withdrew the future jobs fund and the extra 20,000 places that Labour introduced to universities, and cut the regional development agencies, which were doing fantastic work in my region of Yorkshire and Humberside. Those are my regrets.

Frankly, there is no vision from the Chancellor and the Government of the sort of economy they want to emerge from the recession. What sort of society and economy do they want when they have reduced the budget deficit? Labour wants a sectorally and regionally diverse economy that is robust enough to face future shocks. None of that is on the Chancellor's or the Government's radar—let alone within their grasp—because they are cutting the very measures that would ensure not only growth in the short term but future economic security.

The new Government are portraying their cuts as eliminating waste, when in fact they are risking our future economic prosperity. Eliminating the future jobs fund, which has got almost 200,000 people back to work through the recession, axing the loan to Sheffield Forgemasters—an absolute disgrace that has cost jobs and economic growth in my region—cutting funding to universities, and cutting hospitals, transport and school building programmes across the country, including in my city of Leeds, is certainly not my idea of eliminating waste. Rather, it is cutting the front-line services on which my constituents rely.

Jim McGovern: My hon. Friend mentioned her regrets and went on to describe some of the things that are happening in her constituency, but does she agree that the Government's refusal in today's Budget to honour the commitment to tax breaks for the computer games industry will have a detrimental effect in my constituency?

Rachel Reeves: My hon. Friend is absolutely right, and we could think of countless examples of things that the Government have done today that will risk the future economic prosperity of this country.

Worse than that, ordinary people—those least responsible for the recession—will be hardest hit. In Leeds West, average earnings are £16,000 and unemployment stands at 8.7%. Increasing VAT, reducing access to free school meals, abolishing the health in pregnancy grant, freezing child benefit and cutting tax credits will hurt my constituents. The people who bear no responsibility for the financial crisis and recession will be hardest hit. An extra £13 billion is to be paid in VAT, but there will be only £2 billion extra from the bankers. Is that fair? Is that the way to bring down a budget if we are "all in this together"? I think not. Asking those who already struggle to make ends meet, such as those in Leeds West, to make the same sacrifices as, or more than, those at the top is plain unfair and socially divisive.

I began by urging the Government not to forget the lessons from Japan in the 1990s and the United States in the 1930s. However, I am filled with fear that they want to learn a lesson from Canada, because we are in a totally different position from that of Canada when it approached its fiscal consolidation. At that time, Canada was a partner in the newly formed North American Free Trade Agreement, and was experiencing strong demand for its exports. It was also able to loosen monetary policy, which was integral to getting its economy back on track. Given that UK interest rates are at 0.5%, that rates will be low in the long term, and that quantitative easing has already been undertaken, it is pretty much impossible to see how we can loosen monetary policy further—that is simply not at our discretion. I urge the Government not to manipulate the Canadian experience to justify today's deep cuts.

I do not dispute that we need a realistic and credible plan for reducing the deficit—[Hon. Members: "Hear, Hear!"] In response to those heckles, as far as I am aware, it is the Government's responsibility to come up with the plans, but without a credible plan for growth, we risk a double-dip recession, or a British economy that splutters along in the slow lane of the global economic recovery.

[Rachel Reeves]

The Government are trying to convince the public that there is only one way that Britain will bring down the deficit—pursuing hasty and unjust spending cuts—but that is simply not true. They are using the budget deficit as a cloak for fulfilling their overriding ideological desire for a smaller state. They are set on achieving that by doing the economy down—as the hon. Member for Spelthorne (Kwasi Kwarteng) did when he made the comparison with Greece, which was the most misleading comparison he could have made—and by panicking the public into thinking that there is no other option.

However, there is another option. The surest way to reduce the budget deficit is to ensure strong and sustainable growth and a rebalanced economy. Yes, taxes need to increase and spending to decrease, but not at the expense of the economic future of this country or of a diverse, strong regional and national economy; and not in a way that will plunge more families and children, who played absolutely no role in causing this recession, into poverty, unemployment and despair.

3.19 pm

Mr John Redwood (Wokingham) (Con): I remind the House that, in the declaration of Members' interests, I have revealed that I offer business advice to a global industrial company and an investment company.

In her response to my right hon. Friend the Chancellor's Budget, the Leader of the Opposition gave one of the worst speeches I have ever heard in the House. It was intemperate and ill judged, and did not seem to be based at all on the Budget presented to us today. It is a great pity that she and her party still do not understand their culpability for the financial mess in which we find ourselves, show a little humility over the inheritance they have passed on—the worst financial and economic inheritance any Government have received since the second world war—and show a little willingness to work with us on getting out of this hole.

Many Labour Members, having been Ministers or ministerial advisers until just a few weeks ago, have a lot of information. They told us during the election, in general terms, that they would unleash substantial public spending cuts after the election, and it would be good to know from them where those cuts would have been made. They might be preferable to some of the ones we are thinking about, and it would be most useful if they would share them with us. If they are not prepared to share them with us or the country, the country is entitled to say, "These people got us into this mess, are totally unconstructive and still have not learned anything." As other Members have said, it might be better if they got on with their leadership election, and let us get on with the serious task of debating the state of the country.

Austin Mitchell (Great Grimsby) (Lab): If the public finances are in such a mess, why did the Conservative party want to adopt Labour's spending targets in 2008, and did it oppose the huge amounts of money put into the banks to save the banking system, which was responsible for much of the borrowing?

Mr Redwood: I was clear throughout the previous Parliament that I thought Labour's spending targets were unaffordable, and I said so in the economic policy review that I wrote for the Conservative party at the time. I was strongly opposed to the indiscriminate subsidies and moneys flung at the banks on a scale that defied belief and which I felt was totally unnecessary. I offered an alternative way of saving what needed saving in those banks, for the sake of the general economy and at a much lower cost, so I think that the hon. Gentleman has challenged the wrong person on that issue.

I pay tribute to my hon. Friend the Member for Dewsbury (Simon Reevell). He gave an elegant, traditional and classical maiden speech that bodes well for his representation of the people of Dewsbury. It was funny and detailed; showed a great love of the territory and people he now represents; and showed that he will be a campaigning politician. I also detected just a little conservatism in his attitudes, so I was entirely happy with it and wish him a long and successful stay with us in the House.

The Budget has been little understood by some of the people who have commented on it so far—perhaps that is not surprising because those who speak early do not necessarily manage to read the Red Book quickly enough. I praise my right hon. Friend the Chancellor for producing a Red Book half the length of the Labour Red Book—and, therefore, a lot cheaper and economical—but containing much more useful information. With a short read one can understand exactly what he is trying to do in the measures he is proposing, whereas I used to find it took more than a day to winnow out the truths from the great weight of paper that the previous Chancellors of the Exchequer used to present, because they were always trying to disguise the negatives and highlight and exaggerate the positives.

My right hon. Friend is right to say in his Budget that we can get out of this mess only with a strong and vigorous private sector-led recovery. We need to preside over the creation of a very large number of new private sector jobs, because we need to absorb many of the people languishing on benefits as a result of past policies—almost 6 million people of working age without a job, many of whom would like and need a job. We need to create a much more vibrant private sector that can take them into employment, so that the benefit costs come off the public accounts and those people can start to make a contribution through taxes.

We also need to create many more jobs because the 6 million people currently employed in the public sector are too many. I do not wish to see compulsory redundancies, but I am glad that my right hon. Friends in ministerial office are now imposing freezes on recruitment and allowing recruitment from outside only where it is really necessary. We need to reduce the number of people across the public sector, and I am pleased that we will be showing the way here as well, so that nobody can say that MPs are exempt from the process.

Chris Leslie: The right hon. Gentleman is talking about the number of people in public service employment. What sort of reduction does he feel would be acceptable? How many people should no longer be employed in the public sector?

Mr Redwood: That has to be judged case by case. I will not play the hon. Gentleman's silly political game so that he can create a sensational press release immediately after I have given him a suitably large number, and I am

not going to give him a suitably small number so that he can say it would not have the necessary impact. Suffice it to say that proper management could deliver more for less across many parts of the public sector, and we can do that without compulsory redundancies; we can do it by sensible management.

My first test for my right hon. Friend's Budget is: how does it promote private sector-led recovery? I am pleased that he has said that he wishes to cut, through a steady process, the headline rate of corporation tax by rather more, I think, than under the plans when he was in opposition. The receipts pages—pages 40 and 41 of the Red Book—on "Budget policy decisions" show that he will be reducing the tax burden for most of business, and that not all of it will be given back in the form of reduced capital allowances in the way that Labour feared. However, if we add in the banks tax, the corporate sector as a whole will be making a bigger contribution. So the thrust of the Budget is that non-banking businesses will get a modest benefit from the changes and that overall business will have to help to pay for the large amounts of public spending still going on. However, a clear message will be sent to the outside world that we want lower taxes and that we believe in lower tax rates. The lower headline rate is the most beneficial thing that we can do to get people abroad interested in coming here with their companies, investments and new ventures, which is what we need.

I am pleased that the Chancellor has done more for small business. [HON. MEMBERS: "Hear, hear!"] All the evidence shows that small businesses are not only politically popular with my colleagues, as we have just heard, but the main generators of new jobs during an economic recovery. They are more creative and need to take on more people. He has targeted them favourably with both the small business profits tax rate reduction and, for those outside London and the south-east, the generous national insurance reduction—as a Member for a south-east constituency, I would like him to extend that to the rest of the country as well, but I understand his argument that he wishes to concentrate the help on those parts of the country with the most unemployment and the biggest public sector problem.

Overall, the Budget judgment is not to ensure that 80% of the strain is taken by public spending reductions. The idea is that next year 57% of the strain is taken by public spending changes and 43% by tax increases. That is quite high on the tax increase side, which is a little worrying, but it reflects how my right hon. Friend is very reluctant to cut public spending in a damaging way and his understandable wish to get on with Budget deficit reduction.

Tom Blenkinsop: The right hon. Gentleman mentioned that he would like to see extra advantages for his constituents in the south-east. The *Financial Times* recently calculated that cuts to benefits and key Departments will have twice the detrimental impact on family incomes in Middlesbrough South and East Cleveland and other constituencies in the north-east as they will in the home counties. Given that, how can the Government talk about us all sharing the burden, and about all of us being in this together?

Mr Redwood: I was coming on to talk about the impact on incomes. The Red Book is quite explicit about that, and has some very helpful tables. I suggest that the hon. Gentleman gets a copy for his greater interests, as those tables make it very clear that the more one earns, the bigger will be the negative impact on earnings. As the Chancellor himself said, in that sense this is a very progressive Budget: he has shielded people on low incomes from part of the impact, and made those on higher incomes carry more of it. Although the hon. Gentleman represents a place with more people on lower incomes, they will be relatively protected.

Mr Nigel Dodds (Belfast North) (DUP): The right hon. Gentleman listed a number of measures that the Chancellor is taking to promote the private sector. I am sure that he will agree that one of the most welcome proposals is to reduce the volume and complexity of regulation. However, does he accept—I am sure that he will—that a lot of regulations come from the EU? How can we grapple with the extent and complexity of regulation if a lot of it emanates from somewhere other than Whitehall?

Mr Redwood: The hon. Gentleman is right to say that we have much less power to reduce or improve regulation from Brussels than we do with what is homespun. However, so much crass and foolish regulation has been put on British businesses over the past decade by the home legislators—the then Labour Government—that we can get quite a long way by removing, amending or changing that. In the meantime, we need to summon up a bit of courage and tell those in Brussels that they, too, should join in the process, as that would benefit their businesses as much as ours.

I have often said in this House that, from the point of view of running a business, reducing regulatory cost is a good way of offering something that is just like a tax cut without reducing the public revenue. Indeed, it is even better: not only is there no revenue loss, but public sector costs can be reduced, as the enforcement and monitoring costs of needless or over-the-top regulation can themselves be reduced. That means that businesses get a cash flow benefit, and that there is a reduction in the costs of Government.

The previous Government regulated too many things, and they did so too much and too often. They often regulated in a way that made things worse rather than better. We often found ourselves opposing them, even though we did not disagree with their aims. Like them, we wanted people to have nice lives and decent jobs, and to be free from risk in the workplace and so forth, but we often found that the regulation that the former Government proposed was very expensive and did not achieve the required result.

A tick-box culture means that people get very good at ticking boxes and writing memos, but that they do not manage in the proper way. A factory can be made less safe if the process is merely bureaucratic. Instead, the notion that safety comes first, second and third must be inculcated in all the senior people in that factory. They must manage safety intuitively, as ensuring that a workplace is safe cannot be achieved by tick boxes, inspectors or regulators.

Safety must be inherent in every workplace, and what we can do is to set a tone by saying that it matters above all else. We can have laws at a high level on safety but we need not go into as much detail as the previous Government did. Their approach often made things worse, and much more expensive.

[Mr Redwood]

The most important table in the Red Book can be found on page 45. It is one that we must discuss and understand, as it sets out the expenditure patterns for the forthcoming period of Government. The information in the table will come as a pleasant surprise to many neutral people outside the House, although it may worry Labour Members, who seem to be in denial about it. The table shows that total expenditure in the last year of the Labour Government reached £669 billion, and that expenditure will rise steadily to £737 billion by 2014-15.

Stewart Hosie: The right hon. Gentleman is accusing Labour over this cash-terms expenditure increase, but I am sure that he will remember that the Chancellor explained early in his speech that ever-increasing debt repayment costs were included. I have no doubt that, for the sake of completeness, he will want to remind the House of the gross domestic product deflators of 3.2%, 2.1%, 2.1% and 2.6% over the next four years.

Mr Redwood: I was going on to say that we are talking about a big increase in cash. If all of us in the public sector can get better at managing that cash, we should be able to do a good job for people because the amount of spending is going up.

What could go wrong? Well, the hon. Gentleman has mentioned two things that could go wrong. If public sector inflation is as high as, or higher than, forecast general inflation, that will eat away at the value of the money that we are spending and make it more difficult to sustain good public services. However, Ministers tell us that they will be very tough on wage increases. That will help, as it will share the work and mean that we can keep more people doing more worthwhile things for our constituents, without all the money being eaten away by wage increases.

After all, that is what the private sector had to experience for two or three years, during the worst of the recession. In that regard, I pay tribute to the many work forces and unions in this country that did not merely accept that there would be no pay increases; instead, they often accepted pay reductions and very tough work-sharing schemes. They did so because they understood how dire the position of their industries and companies were, and they helped their managements to see their companies through.

We do not have to go that far in the public sector, but there is something that we need to tell all our public sector employees, and I think that this is a task for Opposition MPs as well as Government MPs. We need to say, "Things will be less painful and better for all of us if we can keep costs down and wages and salaries under control. More jobs will be preserved and a better service delivered to the people whom we serve, because more of that cash increase is going to go into helpful spending."

As the hon. Gentleman says, the rising interest charges are also a worry, albeit one that makes the coalition Government's case rather well. If we do not tackle the rising deficit now, more and more of the money will go on paying interest bills for past spending, rather than being available for paying teachers' or nurses' wages, which is what we would rather be doing with it. His point therefore makes the case strongly that the more action that is taken at the beginning, the better, because then more of the quite large sums of extra money that will be available will go on buying real improvements or maintaining a decent quality of public service, instead of going on the rising interest bill.

The Government have had just one piece of good fortune with their rather bleak inheritance, as well as quite a lot of bad news from outside the United Kingdom. The one piece of good fortune is that over the weekend the Chinese Government announced that they were going to allow their currency to start to move upwards against the dollar. We have had quite a long period of the yuan/renminbi being pegged to the dollar. That has meant that China has been super-competitive. China works hard, she is developing much better technology and she produces good products. With the managed exchange rate that we were experiencing, with the pound sticking around with the dollar in recent months, we discovered that China was getting more and more competitive. Indeed, there has been another huge surge in Chinese exports in recent months.

Let us hope that the Chinese will now allow their crawling peg to crawl up quite a bit. The last time they had a crawling peg, it started a bit slowly, but then there was a 20% revaluation of the currency, which was quite helpful. We need all the help that we can get, because Britain has to export more and earn more money in overseas markets. The world's No. 1 colossus—the dominant, most competitive exporter—is China, and any currency revaluation would be helpful. We still have to work hard—we have to get smarter and control our costs—but that revaluation might take some of the pressure off.

However, the bad news is that the European market is getting worse. We had hoped that European countries would have a normal, cyclical recovery, such as that which the United States is enjoying. However, it now looks as if their recovery will be slow, with quite a number of countries going backwards this year and early next year, because of their deficit problems and difficulties with the euro. Indeed, those countries' economies might continue to fall or start to fall again. That is difficult for Britain, because euroland is an important marketplace for our physical goods—it is not nearly so important for services or inward and outward investment, but it is important for physical goods. It is therefore in our interests that euroland starts to mend itself as soon as possible. I therefore hope that the Chancellor will continue his negotiations and work with his European partners, because it is important that we allow them to take the actions that they need to take to start mending the euro.

The euro is a single currency in search of a single country, and that has been its tragedy ever since it was first created. Those of us who warned that we could not have a single currency without a single economy, a single budget and a single Government were told that we were quite wrong and that we had misunderstood things. Apparently all that history that we had read was a waste of time. However, all the history of currency unions that I have ever read shows that they work only if there is control of the borrowing and spending levels through a central power, which is what we are now told our friends and colleagues in euroland are learning. They have discovered that they cannot allow Ireland,

Greece, Portugal and Spain to free-ride at the expense of the rather more prudent core. Those in euroland are learning that, if they allow those countries to borrow and borrow at the lower common interest rate that Germany has granted them, there comes a point when the markets no longer believe in those countries and they start to blow their debt markets apart.

Sammy Wilson: Is the right hon. Gentleman not a bit concerned that the Government now accept that the European Union perhaps has the right to scrutinise the budgets of euro countries before those budgets are implemented? Does he not believe that that could be the thin end of the wedge, and that such scrutiny might eventually extend to all members of the European Union?

Mr Redwood: I am very strongly of the view that countries have to do that, and more, in euroland. As Members might guess, I am passionately of the view that that has nothing to do with Britain. The deal I want my right hon. Friends to offer our European partners is that we will accept more or less any kind of treaty change to give them proper control over the budgets of euroland as long as we get some powers back and it is made very clear that we are not part of this new machine to try to create an economic Government of Europe.

There need to be changes. The system is not at all stable, and I do not think that the much advertised trillion dollar package of loans and guarantees, and possible facilities, is necessarily going to see all these countries through the future threats to their stability. Given the rather damaged states of their private sector economies in many cases, there is a danger that, if all they do in response to the financial market pressures is to cut public spending to try to get their borrowing down, they will not succeed. If they are cutting their public spending, but there is no growth coming through in the private sector to take up the slack, or if they are cutting their public spending while their tax revenues are falling, the gloomy pundits will be right and the medicine will not work. Just cutting expenditure does not create a strong economy.

It is important to cut spending sufficiently to allow the private sector to grow and it is important to cut spending sufficiently so that the deficit does not get out of control and produce too much pressure on interest rates, but that needs to be done against the background of the beginning of a recovery—as we have in the United Kingdom. For a country in turmoil with a deeply damaged economy, as some of the southern states seem to have, simply cutting expenditure might make the problem worse, not better, without taking other action to try to get the economy's private sector going.

The proof of the Budget will be in what happens to the private sector recovery over the next year or so. I hope that the Office for Budget Responsibility will turn out to have been too gloomy. It says that the impact of the Budget in the first two years will be to lower the growth rate slightly; it says the growth rate will be better in the following years when the full benefits of deficit reduction and private enterprise promotion kick in.

It need not be like that; we could do better than that. If the Chancellor wishes to do better than that, as I trust he does, he needs to turn his attention urgently to the state of the British banking industry and the capability of British banks to finance the private sector-led recovery that we clearly need. I do not believe that the current regulators of the British banks have got it right, and although I fully support centralising the regulation of money markets and banks in the Bank of England—I advocated it myself and I am happy that that is going to be done—that in itself is not enough. That is a structural change, but what we also need is an attitude change.

The sad truth of life is that we have just lived through the worst five years I have ever seen in terms of mismanagement of money and banking in this country. Labour Members will want to blame just the private sector banks, and I agree that some directors of those banks got it horribly wrong and they deserve to be dealt with in the appropriate way by their shareholders and by others. However, I hope that sensible Opposition Members would agree with me that it does not speak well of the monetary control system and the regulatory system that that happened. Why do we have financial regulators? We have them to stop that kind of thing happening. They are meant to stop runs on banks, even if banks have directors who are likely to produce a run. They are meant to stop systemic collapse, even if directors get a bit carried away.

Mr Binley: Is it not right to point out to the Opposition that the then Chancellor of the Exchequer, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), asked the Financial Services Authority to apply a light touch in order to sustain his myth that he had done away with bust? Is that not one of the reasons that Labour Members should apologise?

Mr Redwood: If one interprets light touch as meaning regulating the wrong things, I would agree with my hon. Friend. There was a huge increase in the amount of regulation during the Labour years, as one would expect, as Labour Members believe in regulation, but I think that they have demonstrated that it does not work. Our old friend the box ticker is relevant. There were many more box tickers in the City at the end of the Labour period than at the beginning: lots of nice, neat forms were duly filed; and people got into trouble if they put the wrong figure in the wrong box, which was apparently a great crime.

Meanwhile, the regulators simply ignored the phenomenal explosion of the banks' balance sheets. I do not mean just hedge funds or off-balance-sheet items; the actual balance sheets ballooned in a crazy and unreal way. As I recall, the main banks went from 20 times to 34 times leverage, and not once did the regulators ask, "What is going on here? Is this not a bit excessive?" Why did the banks have only 20 times leverage in Lady Thatcher's day? She was not known for being too shy about promoting private sector recovery. Perhaps there was a reason why banks were only allowed to gear that much in those days, and perhaps we should think again about the degree of gearing.

We then lurched from that to the opposite position. At the depth of the recession the regulators said, "We have now decided that the banks must get rid of all this leverage. They must have huge amounts of cash and capital pumped into them so that they cannot lend anything to anyone." That made the recession 10 times worse.

Mr Graham Stuart (Beverley and Holderness) (Con): My right hon. Friend has just made the very point that I was going to make. The regulators compounded their failure to regulate at a time when they should have reduced the lending of banks by, during the bust, doing the precise opposite, and compressing lending when the economy desperately needed the banks to lend more. That was a double whammy for the British economy, it was entirely due to the behaviour of the Labour party, and it has left a terrible economic legacy which the Chancellor today set out bravely to put right.

Mr Redwood: I think that we now need to be positive, and I want to try to engage the Labour party in the process. I understand that the hon. Member for Leeds West (Rachel Reeves) used to work at the Bank of England, and we may have learnt from her speech why it is a good thing that her advice is no longer available to the Bank; I do not think that she would have helped to get us out of the mess. From now on, however, we need to ask ourselves what we should do about banking regulations, because I do not believe that the current system is right. It is all very well for us to say that it was wrong under the previous Government, as it clearly was, but it is our duty now to try to ensure that we do a better job. Unless we change the system, it will not be much better under the present Government.

I believe, and I think Treasury Ministers believe, that we should now have counter-cyclical rather than pro-cyclical regulation. What does that mean? It means that when times are tough and we are in recession, we should allow banks to lend more money on easier terms, and when times are really good—as in 2006-07—we should rein in the banks and say, "You cannot go on lending like this." In the immortal words of the Governor of the Bank of England, we should remove the punchbowl before the party has everyone blind drunk. It is a pity that we did not do that in 2007.

Some of my critics say to me, "That is all very well, but how do we know where we are in the cycle?" We can never be sure where we are in the cycle, but I should have thought that it was fairly easy at the moment to agree that we are somewhere near the bottom of it. Heaven help us if this is not the bottom of it. I do not believe that all the figures in the Red Book about growth from this point are wrong, and I do not believe that all the independent forecasters are wrong. I think it quite likely that there will be some growth, but not as much as I would like and not as much as we will need.

The main reason that there will not be enough growth is that we do not have easy enough money for the private sector to refuel the recovery. The overall money supply figures are pretty dire, and we should bear in mind how much of the money is circulated around the system from the Bank of England to the Treasury to the spending Departments. Labour left a perfectly good money machine to put relatively low-cost money into the public sector, but at the cost of the private sector, which—particularly small and medium-sized enterprises—is still shivering in a world in which there is not enough sensible credit.

I do not want to stoke a new unsustainable boom, but there must be a judgment about whether the recovery is too fast or too slow, too hot or too cold. At present, it is most people's judgment that in the private sector is too cold. It is not going quickly enough, and it is not easy enough. We need to make it easier for ordinary, run-of-the-mill entrepreneurs to succeed. It should not be necessary to be a complete genius who is prepared to take on all the odds in order to establish a company. We want people to be able to do that who have reasonable skills and do not want to have to fight the jungle all the time.

Nadhim Zahawi (Stratford-on-Avon) (Con): I agree with my right hon. Friend. He has heard me speak passionately about start-ups, and I was pleased that my right hon. Friend the Chancellor provided some incentives for them today, but given the reality of where we are today in the economy, the recovery will be fuelled less by start-ups than by medium-sized businesses that are already exporting to countries such as China and Brazil, where our record is currently abysmal. We export more to Ireland than to those countries. It is those type of companies that have a more mature business that are not investing at present. They are not retrenching, but they are not investing. Banks need to send a message to them that there is money available to them to make that investment and to grow their business from medium to large.

Mr Redwood: I am grateful to my hon. Friend, and I agree exactly with what he said.

My conclusion on this is that to promote a proper recovery the Government need to have words with their financial regulators to say that at this stage of the cycle they should not be demanding more cash and capital from here. The banks are now perfectly solvent. They are perfectly liquid; they are lending huge sums of money to the Government, and that counts as liquid resources because they hold it in the form of Government bonds and Treasury bills. Job done, therefore, but by all means start to tighten things again in a year or two if we have a really good recovery going on and if credit is beginning to build up.

The economy is still anaemic, however; it is still short of credit. It does not have the oomph behind it that we need, and the answer lies in the banks. So my plea to the Chancellor is that in order to make his strategy successful he needs to do something about the way we approach banks, credit and money supply in this country.

The overall Budget strategy takes the risk of doing rather more by tax and rather less by public spending reductions than the Chancellor himself was suggesting when he first looked at this problem, but I wish it well. It is very important for all of us that it works. Every Member in this House wants their constituents to have more chance of a decent job, more chance of getting off benefit if they are unemployed, and more chance of keeping good-quality schools and hospitals.

We have seen what happens in extreme situations in countries that did not take their deficit seriously. They not only end up with a worse economy; they end up with much bigger slashes in public services because they literally run out of money. The previous Government very helpfully advised us that all the money had gone. We know where it went and who took it. The Red Book today gives a pathway to get back from that, so I hope that we will get behind it and try to make it work.

3.52 pm

Chris Leslie (Nottingham East) (Lab/Co-op): It is an honour to represent Nottingham East, having had a few

years out of Parliament from 2005. Although I would encourage Members to treat my contribution today as a maiden speech—following, perhaps, the conventions of treating me gently and with great respect—I suspect that might be twisting the rules on maidens a little bit. I do not know whether one can be a born-again maiden, but I will try to focus today on the measures in the Budget speech.

First, I would like to pay tribute to my predecessor, John Heppell, who served Nottingham East faithfully for 18 years, not only—and perhaps most infamously—as Parliamentary Private Secretary to John Prescott, but for several years in the Whips Office.

Nottingham East is truly a wonderful constituency, ranging all the way from St Ann's, Sneinton, Mapperley, Sherwood and Carrington to Bakersfield and other parts of the core of Nottingham city, which has some of the poorest parts not only of the city, but of the country as a whole. It is because of my concern about the impact of the Budget on those in my constituency who are among the poorest in the country that I wanted to speak today to signal my deep reservations about the measures announced.

I particularly want to focus on the Chancellor's taxation measures, but there is also the hidden part of the iceberg beneath the waterline: the 80% public spending reductions. That may harm my constituents most of all. We will not know the full ramifications until the spending review in the autumn, of course, but the Chancellor signalled that there could be a 25% reduction in those departmental expenditure limits that are not in the protected areas of health and international development. To take 25% so quickly out of some of the key budgets in the country such as education, transport, housing, police and counter-terrorism will affect key services, and there will undoubtedly be a major effect on our quality of life, in particular on the least well-off.

I want to challenge some of the Conservatives' spin and assumptions. I understand where they are coming from. They had to set out the context as best they could to try to soften up the public before they wielded the axe, but I am not convinced that it has worked on this occasion. The notion that the condition that we are in is all the fault of the previous Labour Government is really stretching things too far. Even the right hon. Member for Wokingham (Mr Redwood), who is not at the wetter end of the Conservative party, had to acknowledge that the banks were the root cause of the credit crunch and that it was a global credit crunch that started in America and spread around the world. Yes, the regulators failed, but regulators failed worldwide. He might well be like Mystic Meg in his understanding of the sorts of problems likely to range from the regulation of derivatives all the way through to the gearing ratios that the banks pursued, but the truth is that the then Government had no choice but to take steps to save the banking industry, otherwise the cash machines would not have been working; Had he been in government, he would have done exactly the same thing. It is important to put that on the record.

Mr Redwood: The hon. Gentleman should really point out that Australia, China, India and Canada have had much better success at getting their banks and economies through without the kind of crisis that we have had.

Chris Leslie: If the right hon. Gentleman is seriously suggesting that this was not an international credit crunch, I just do not think that is plausible. The House deserves better from him.

Mr Graham Stuart: Will the hon. Gentleman give way?

Chris Leslie: Let me make a little progress first.

The notion that the debt is solely Government-authored debt has to be rebutted. The problem was not so much about excessive public spending as about tax receipts being drastically reduced because of the recession that came as a consequence of the credit crunch. That is the reality of the situation. The Conservatives try to promulgate the notion that the situation is far worse than expected, but the statistics show that the borrowing requirement is not as difficult as it was a few months ago and that the receipts we now gain from revenues are recovering better than expected.

The notion that debt is out of control was rebutted quite well in today's edition of *The Independent* by Sean O'Grady, the economics editor, who illustrated very well that Britain is not Greece. The right hon. Member for Wokingham talked about the difference between euroland and our particular predicament. Although we have difficulties, we also have our own currency and some flexibility. We are not trapped in that currency zone, we have a more diversified economy than others in those areas and our debt has a longer maturity—it is not as short as in other countries. Our national debt might, unfortunately, peak at around the 75% mark, but that is very far from the levels that other countries are talking about.

There is a concentration solely on deficit, rather than on debt, but debt should be the issue at hand as that is the best way of comparing, historically, where we are. At the end of the second world war, Britain had a debt ratio of about 262% of gross domestic product, but the Labour Administration were able to establish a welfare state even with those levels. There is this notion that we are in a dreadful predicament, but the Conservatives have to concoct that urgency and talk about emergencies. There is absolutely no consensus either in the House or among economists more generally that the severity and the austerity that the Government have introduced in the Budget is on a necessary scale.

Nadhim Zahawi: The hon. Gentleman speaks as though his Government were not going to introduce any cuts. Is he telling the House that if Labour were on the Government side, they would do nothing about this? As my right hon. Friend the Member for Wokingham (Mr Redwood) has mentioned, Labour suggested during the election that there would be cuts of £40 billion but gave no further detail. Is the hon. Gentleman suggesting that everything was rosy in the garden before and that we should continue as we were?

Chris Leslie: No, we have to be mature and grown-up about these issues. It is important to recognise that the best way to address our deficit is to have a pro-growth strategy, because it will be through growth that we generate receipts, so that we can make improvements. If we have to restrain public expenditure, doing so in such a short space of time, with such severity, is an exceptionally

[Chris Leslie]

risky strategy. In Sweden, and even in Canada—countries the Conservatives keep citing—such changes were made over 10 or 15 years. Yes, they rebalanced and consolidated, but for the Government to do so with such fervour betrays what is really going on in the Conservative party. Ideologically, the Conservatives secretly enjoy the cutting back of public expenditure. They hate state expenditure—they absolutely loathe it. They take a certain kind of masochistic relish in scaling back public expenditure.

Steve Baker (Wycombe) (Con): Does the hon. Gentleman recognise that there is not just one school of economic thinking but at least three? Keynesianism, monetarism and the Austrian school have very different ideas about the rate at which we should cut and about how the economy would recover. Will he at least recognise that in academia there are real differences in economic thinking?

Chris Leslie: I could not agree more. That level of maturity is refreshing, but the Chancellor of the Exchequer saying that there was consensus that the measures had to be taken in a particular way shows how the hon. Gentleman departs from his Front-Bench colleagues. I hope he will have the foresight to listen to the differences of opinion and recognise the possibility that austere and harsh public expenditure reductions, as well as some of the tax increases, could have a harmful effect on the economy. We do not know about the individual measures, but we have already heard from my right hon. and learned Friend the Leader of the Opposition about the effect on unemployment, as shown in the forecasts from the so-called Office for Budget Responsibility, appointed while the Conservatives were in opposition.

Sammy Wilson: The hon. Gentleman is making some good points, but he takes his argument a little too far when he describes Government Members as economic masochists who enjoy the process. At the end of the day, their constituents will not thank them for unnecessary cuts. There is a good argument to be made, but does the hon. Gentleman not agree that the extent to which he is taking it may diminish his case?

Chris Leslie: I hope that the hon. Gentleman is right. Judging from the Conservatives' reaction—the papers waved in the air when the Chancellor sat down—the enjoyment they took in those harsh—*[Interruption.]* The hon. Member for Devizes (Claire Perry) calls out, "Pathetic", but why else would they cheer with such fervour?

Claire Perry (Devizes) (Con): I too welcome the chance to have a grown-up and sensible discussion, but could the hon. Gentleman not do the Tory cuts thing every time we come into the Chamber? Even my seven-year-old finds it rather childish. Of course the Budget will be tough to justify in our constituencies; no one wants to talk to their constituents about public spending reductions, particularly ones that we did not put on the statute book. We have to deal with a legacy problem and I waved my Order Paper because for the first time in 13 years we had a Budget designed not to win votes but to get Britain back on track.

Chris Leslie: The hon. Lady will have to forgive me, but sometimes I get the impression that sign language is the only one she might understand. Cutting back budgets is exactly what she has been doing and she will be voting for it with relish.

Andrew Bridgen (North West Leicestershire) (Con): I assure the hon. Gentleman that Conservative Members would have liked to enjoy Labour's economic inheritance in 1997.

Chris Leslie: It is important that we start to look at the measures in the Budget. They did not deal with the waste and inefficiency the Government promised to find. The Government said that waste and inefficiency would form the totality of their public spending reductions. They said they would not hit front-line services. The fallacy of those claims is beginning to show.

Bill Esterson (Sefton Central) (Lab): Does my hon. Friend agree that one of the concerns is that Government Members say that the Budget is about fairness, yet a good degree of the suffering that will be inflicted on people as a result of the cuts will be felt hardest by those who are least able to bear it? In particular, areas such as Merseyside will bear the brunt.

Chris Leslie: Absolutely, and the local and regional impact of many of the announcements will become clear over the next few days. It is very difficult to assess the full extent of the impact on our constituents only a matter of hours after the Budget has been delivered, but I shall pick out some of the most pernicious measures announced. Putting up VAT to 20% is undoubtedly one of the most regressive tax decisions ever made by a Government in this country—20% indirect taxation, hitting those people who need to buy some of life's necessities. Yes, indeed, some things may still be zero-rated, although people should watch this space on that one, because the Liberal Democrats in particular promised that they had no plans to increase VAT—that was a secret tax bombshell—but they then introduced a tax bombshell of that scale.

Mr Binley: In a sense of maturity, will the hon. Gentleman tell me by how much he thinks that the Labour party would have increased VAT if it had still been in government?

Chris Leslie: I suspect that it would be far preferable to follow a progressive route, not a regressive one, if taxation needed to be increased.

Mr Binley: Answer the question.

Chris Leslie: I am answering the hon. Gentleman's question. There are significant revenue-generating measures, particularly in respect of the wealthiest in society, that should have been taken. The fact is that he will vote to take £12 billion in VAT—three letters that will be tattooed for ever on to the face of his constituency—annually from people, including his constituents, yet the Government have only managed to take £1 billion in revenue from the banking levy. That ratio says it all.

Lilian Greenwood (Nottingham South) (Lab): Does my hon. Friend agree that increasing VAT will also have a significant impact on places such as Nottingham, where large numbers of people are employed in the

retail sector, and that it will affect retail jobs? Is he aware that the Centre for Retail Research estimated that increasing VAT to 20% would lead to a reduction of 47,000 retail jobs and 10,000 stores closing?

Chris Leslie: I sincerely hope that that does not happen, but I worry that my hon. Friend may well indeed be right. The Government have tried their best to stagger the arrangement by delaying the introduction of the VAT rise, but they had better hope that the recovery is well under way by the time that the increase comes in—I think, in January—because, if there are still difficulties in our economy and they wallop up VAT by such a large amount, we risk a double-dip recession, which would particularly hit those who are in greatest need.

I want to talk about the most pernicious parts of the Budget which affect child poverty and even infant mortality: for instance, the scrapping of the health in pregnancy grant—just stating its name makes me incredulous that the Government have chosen it—in this financial year, from January onwards, coupled with the restriction of the Sure Start maternity grant to the first child from April 2011. I shall be very interested to see whether Government Members will walk through the Lobby with their heads held high to vote on those measures in respect of pregnant women in the greatest need. Coupled with the freezing of child benefit for three years, the shunting of lone parents off income support from next year—something that is also hidden away in the Budget—the abolition of the child trust fund and a couple of other things that the Chancellor spoke about very quickly in his statement, such as reversing the child tax credit supplement for one and two-year-olds and removing the baby element of the child tax credit from next year, which will cost young new families across the country £295 million, that is a phenomenal tax essentially on those who are in greatest need. Taken together, that seems to be one of the most despicable series of changes in the Budget.

Gavin Barwell *rose—*

Chris Leslie: I should like to hear the hon. Gentleman justify those changes.

Gavin Barwell: The hon. Gentleman is being very generous in taking interventions. Has he had the chance to look at chart A6 on page 70 of the Red Book, which shows the combined effect of the freeze in child benefits and the indexation increase in child tax credit? It demonstrates that the two changes are extremely progressive when taken together and not regressive, as he tries to argue.

Chris Leslie: It is interesting that the hon. Gentleman talks about that table because I have looked at the whole of annexe A of the document, which attempts to suggest that the changes will affect all income levels fairly and that we are all in it together. However, the tables extend only to 2012-13, which is only a couple of years hence. If the hon. Gentleman has a copy of the document in front of him, he will see that page 40 shows that cuts in benefits really start to bite in—guess when—2013-14 and 2014-15. There is more spin in the document than in any Budget document that I have seen before. If the hon. Gentleman would care to table a written question to the Chancellor to ask for the tables to be extended beyond the short period to 2012-13, I would then be more than happy to debate fairness implications.

I would like to raise a few more of the many hidden elements in the Budget. The Budget will levy an extra £455 million of tax on the insurance bills that our constituents pay, such as for buildings and contents insurance, although I do not think that the Chancellor mentioned that in his statement. The Government will also scrap the saving gateway, which was due to be introduced in July. That initiative was designed to encourage the very poorest in society to save for the future, but it is gone as a result of the Chancellor's generosity. Given that the child trust fund is also being scrapped, we will have no measures to encourage the poorest in society to start the savings habit, so it is a great pity that Government Members will support such policies.

A further hidden element in the Budget is the Government's announcement that they will cut support for the payment of unemployed people's mortgage interest by £15 million in this financial year, although that support is given at the point of those people's lives at which they are in most need.

Gordon Henderson (Sittingbourne and Sheppey) (Con): Is the hon. Gentleman aware that the interest paid by the Government under the existing mortgage interest support regime is fixed at 6.08%, even though many people pay interest at 2%, which means that the Government give them 4% more than they need to? In addition, surely it cannot be right that those payments can cover mortgages of up to £200,000 over two years.

Chris Leslie: It can if a person who is made unemployed relies on the mortgage interest support to keep a roof over their head, because they will otherwise be in great jeopardy. The hon. Gentleman might think that people should simply cope with the situation, but I believe that we need to scrutinise the measure much further.

The housing benefit changes announced in the Budget are exceptionally complex, so it is difficult to assimilate their likely impact. However, the reduction of the local housing allowance to the 30th percentile of local rents will distort housing support for the poorest in society.

The hon. Member for East Antrim (Sammy Wilson) talked about the tax credit regime and the reduction in the time period for backdating changes in circumstances from three months to one month. That mean-minded reform is an attempt to claw back money by reducing the period in which people in changeable or almost chaotic circumstances may analyse their position and go through the bureaucratic process of reclaiming their tax credits by submitting correct arrangements. As all hon. Members know, many people will find it difficult to do that within 28 days, and the measure typifies the mean-spirited nature of the Budget.

Claire Perry: I am grateful to the hon. Gentleman for giving way again—he is generous with his time. He is eloquently highlighting many of the tough decisions that have to be taken. He seems to be ruling out almost all of the deficit reduction measures that we have proposed, so may I again ask what he or his party would do to get to grips with the deficit?

Chris Leslie: As I have said before, we need a pro-growth strategy. Sometimes we have to spend to save. Investment is exceptionally important at this point in the economic cycle. All borrowing is not evil, as the hon. Lady suggests. *[Interruption.]*

Lyn Brown (West Ham) (Lab): She should listen to the answer.

Chris Leslie: Absolutely—my hon. Friend is right. We need a mature debate about the economy, and the hon. Lady should listen to her hon. Friend the Member for Wycombe (Steve Baker), who said that there are differences of opinion. There is not just one particular view of these things.

There are risks to the economy from completely pulling the rug from under it by doing things such as imposing tax increases that go too far or cutting public expenditure too swiftly or harshly. If the hon. Lady thinks that we can cut public expenditure harshly without any ramifications for the economy, I shall just have to beg to differ.

I have been director of a local government research organisation for the past five years, and something that I suspected would be in the Budget looks as if it may be coming. Capital expenditure will reduce significantly, but many local authorities rely on public borrowing from the Public Works Loan Board, which has a prudential borrowing regime that offers considerable freedom to local authorities as a means of accessing capital for important projects in our constituencies. The Budget document reveals that the tap may well begin to be turned off for local authorities, and discusses monitoring that lending far more closely. Reading between the lines, the implication is that the Government are considering reviewing the prudential borrowing regime. I urge members of the Government, particularly the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill), who helpfully has come into the Chamber especially to hear my contribution, not to change that prudential borrowing framework, because the implications may be severe.

Gavin Barwell: I thank the hon. Gentleman for giving way again. He has just made an important point, but I should like to take him back to his reply to my hon. Friend the Member for Devizes (Claire Perry). He said that he wanted a pro-growth strategy. I am sure that everyone in the Chamber wants growth, but does he accept that by definition, growth will not deal with the structural deficit, which is what is there, even when the economy returns to growth. How would he deal with that deficit?

Chris Leslie: I disagree. I think it is possible to deal with the structural and cyclical deficits through pro-growth strategy. The fact that the Government's so-called independent Office for Budget Responsibility has downgraded the growth forecast as a result of measures in the Budget shows that even it has had to admit that there are dangers in their strategy. I hope that they are absolutely confident about this—they seem to be—although I detect that a few Government Members may have doubts and questions in the evening when they are looking at the measures that will be introduced. I hope that they will look at them line by line, and not just hold their noses and vote regardless, especially Liberal Democrat Members.

Kate Green: It is absolutely right that the measures need to be examined in great detail to discover their true impact on individuals and families. Is it not the case that the distribution effects go beyond simply looking at income and expenditure deciles to groups that are especially vulnerable to poverty? My hon. Friend will agree that the damage done by linking benefits over the medium term to the consumer price index, and the attack on benefits such as disability living allowance will be particularly harsh for some of the most vulnerable members of society. It is important that we do not take a simplistic view of the impact of the measures but look at their effect on the most vulnerable groups.

Chris Leslie: I could not agree more with my hon. Friend, who knows a great deal about these matters. These are stealth cuts from the Government. When they were in opposition, they liked to talk about stealthy measures. Well, these are the stealth cuts. The change from retail price index to the consumer price index is not something that many of our constituents would necessarily notice in the small print, but there are vast reductions affecting them.

There are all sorts of tricks in the Budget, such as linking pensions to earnings—at a time when the Government are going to freeze public sector pay and they know that earnings will be deliberately depressed. With supposed generosity, they can of course link the two at that point in the cycle.

The change to the personal tax allowance was another part of the Liberal Democrat manifesto. It seems that they were not able to fulfil that manifesto pledge, so they have managed to change it a little, but they do not recognise that the people who earn an amount that is below the existing threshold will benefit not at all from the change. We have to think about the very poorest in society, and I urge hon. Members to do that.

Martin Horwood (Cheltenham) (LD): The hon. Gentleman must admit, however, that taking almost 1 million out of income tax altogether must be a good thing for some of the poorest in our society. If he is keen on looking at the small print and for stealth impacts on the poor, he need look no further than the Budgets that we used to get from the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), which included the supposed abolition of the 10p tax rate. That was cheered by Labour Members, because everyone thought that it meant reducing the rate to zero, but it was in fact being doubled.

Chris Leslie: This Budget makes the 10p tax rate issue look like a drop in the ocean. Some Members want to look at one particular measure on income, and nobody objects to a personal tax allowance change, but we cannot just look at income tax on its own. The Chancellor has shunted revenue generation from income tax to VAT, and that is a Liberal Democrat strategy. The Liberal Democrats prefer VAT now, we can see that, despite the posters.

Martin Horwood: Will the hon. Gentleman give way?

Chris Leslie: If the hon. Gentleman is going to apologise for the VAT increase.

Martin Horwood: Let us not look at income tax alone. Why do we not look at the comparison between increasing VAT and increasing duties, which the previous Labour Government always used to do? That hits people across the income bands, whereas VAT, although no one likes it to increase, is less regressive because it is not imposed on necessities.

Chris Leslie: If the hon. Gentleman feels that every single item of expenditure that has VAT imposed upon it is not a necessity, I must disagree. It is not simply a tax on luxury items, nor is it akin to duties. The VAT yield is astronomical: £12 billion annually, some of which comes from his constituents. We will see what their reaction is to the increase, and I urge them to write to the hon. Gentleman, because they need to convince him on that issue.

A couple of items in the Budget statement were definitely very confusing. Now that the Under-Secretary of State for Communities and Local Government is present, I must say that I am still at a loss to understand quite how the Government's council tax freeze will work. It sounds superficially plausible to say that the Government will give an amount equivalent to 2.5%—I think that that was the figure when it was last in the Conservative manifesto—to councils that keep their council tax increase below that level in order to reach a zero increase. That guarantee has been reduced from two years to one year, but with one hand they give a little and then, with the other, yank away a great chunk of the grant that local authorities receive.

Local authorities throughout the country will have to pull those two elements together, but how on earth that supposed council tax guarantee is going to work will be a mystery to them. They will delay their budget setting and budget planning until the spending review is clear, because until they know the departmental expenditure limit for the Department for Communities and Local Government, and until they know their grant settlement arrangements, they will be none the wiser about the Government's plans either on council tax or on how they should set their budgets. I urge hon. Members to speak to their local authority leaders and elected members about that point, because whether or not we agree with the strategy, if we are to believe in local democracy, the technicalities—the operational details of those matters—count a great deal.

Andrew Bridgen: The hon. Gentleman talks about the coalition Government's cuts, but he has forgotten about the biggest cut of all. We are going to cut the deficit, which is a millstone around the necks of current and future taxpayers. That will secure the future of our economy.

Chris Leslie: And everyone will live happily ever after—in the rainbow land that the hon. Gentleman inhabits. If he feels that the deficit reduction is the only issue that he needs to worry about, then he is looking at only a very narrow band of the issues that face our economy. Of course we need to have a pro-growth strategy in order gradually, over a longer period, to deal with our debt and deficit strategy, but not at the expense of the poorest in society and of economic growth or employment. The hon. Gentleman may well feel, that unemployment is a price worth paying, which was the famous mantra of the Conservatives, but Labour Members do not.

On a technical issue, will Ministers come back at some point to talk about the limit on savings as regards ISAs? There is a suggestion that they are going to be index-linked, but now that we are moving from RPI to CPI in terms of indexation, the Red Book is not clear whether the link will be made on that lower level.

On the weekend before the general election, the Prime Minister appeared on "The Andrew Marr Show", where he apparently promised to avoid cuts to front-line services, saying:

> "But what I can tell you is any cabinet minister if I win the election, if we win the election, who comes to me and says, "Here are my plans" and they involve frontline reductions, they'll be sent straight back to their department to go away and think again."

That is what the Prime Minister said only a matter of weeks ago. Unfortunately, Ministers have not been thinking again, but have simply taken the axe to vital services.

In Nottingham, we know that the services people rely on most will be severely hit, and that is only from the £6 billion of changes that have been announced so far. The tidal wave—the tsunami—of spending cuts that is coming in the autumn will be shocking indeed. In Nottingham, we know that £2.7 million is being taken out of education expenditure, with savings from one-to-one tuition, school transport, and provision for special educational needs. We know that £1.2 million is being taken from the working neighbourhoods fund, which includes back-to-work programmes, literacy and numeracy support, and welfare rights advice. That is the front line in Nottingham—cutting by the Conservatives. We know that they have even scrapped the right to see a GP within 48 hours: again, changes to arrangements for which they have no substitute, affecting the front line in Nottingham. They have chopped £350,000 off the road safety budget in Nottingham, as well as the £2 million taken from the transport capital plans. In my constituency, the Conservatives have frozen—I hope that they will reverse this decision and allow the project to go ahead—£5.9 million of housing renewal money for Stonebridge Park, where more than 250 old homes were to be cleared and the same number of family-sized one and two-bedroom units constructed to help to take some pressure off the 15,000 people on housing waiting lists. Again, I fear that that is the front line in Nottingham.

This unholy alliance between the Liberals and the Conservatives—I suppose that one could characterise it as an axis of the axe—will be absolutely to the detriment of my constituents. It makes me concerned about the potential merging of the Liberals and the Conservatives around a right-wing, ideological pole that has shown a clear divide between the parties in this country. I hope that hon. Members on the Government Benches will listen to their consciences, look at the detail in these proposals, recall their election promises—particularly those of the Liberal Democrats on VAT—and vote against this dreadful Budget.

4.28 pm

Richard Fuller (Bedford) (Con): I rise for my maiden speech to applaud my right hon. Friend the Chancellor for his courage in meeting the challenge of the most parlous state of our public borrowings, and for proposing

[Richard Fuller]

a series of measures that attempts to deal with that problem while striving to protect the most vulnerable. I know it is a task he does not relish, but it is a burden he shoulders on behalf of us all.

I appreciate the opportunity in this robust debate to have a brief interlude—a commercial break, if you wish, Madam Deputy Speaker—to say good things about my home town and constituency of Bedford. I hope that in so doing, I can do as good a job for Bedford as my hon. Friend the Member for Dewsbury (Simon Reevell) did for his constituency in his maiden speech. I shall of course thereby lose the enticing opportunity to correct some of the breathtaking assertions I have heard from the Opposition Benches, not least from the hon. Member for Nottingham East (Chris Leslie), who strains the credulity not only of those of us on this side of the House but of a great proportion of the British public, who really do not understand where he is coming from.

I am the first Member to represent Bedford who was born there since the Liberal Member, Mr James Howard, in 1868. I truly love my home town. It is a wonderful and diverse community, and I am extremely honoured to be able to represent the people of Bedford and the neighbouring town of Kempston. It is an honour that I share with my predecessor Patrick Hall, who was a tireless advocate on behalf of the constituents of Bedford and Kempston. I can say honestly that his work on their behalf knew few limits. He was their constant companion in their navigation of the bureaucratic state that has come to bedevil the lives of so many of us. Patrick was the first Labour MP for Bedford to be re-elected, and in fact he secured a second re-election, a feat so remarkable that I doubt it will ever be repeated by a Labour politician in Bedford.

I also pay tribute to Patrick's predecessor, Sir Trevor Skeet, who represented the constituency for 27 years. I remember him fondly as I began my political career delivering leaflets for him in 1979. I am happy to say that 150,000 deliveries later, the post finally arrived.

Bedford is a town remarkable for its diversity, both in ethnicity and in culture. It is a most harmonious town and has much to teach the rest of our country about the power and potential of diversity. It can truly be said that a child in the course of their school career in Bedford may well meet other children whose parents come from every single nation in the world. What a fantastic start that gives children in my home town, and what a wonderful job the teachers of my town are doing to ensure that those children have a world-class education.

We are very proud of our education in Bedford, and it is very important to us because we are a town of young families. We embraced the legislative freedoms that the previous Government provided through the opportunity for schools to set up their own trusts. We are also looking forward to September, when two of our finest institutions, Bedford college and the Bedford Charity, join together to establish the John Bunyan academy. I know that many parents and teachers in Bedford look forward to the legislation that my right hon. Friend the Secretary of State for Education will propose, and we intend Bedford to be at the forefront of the free schools initiative.

Great schools beget great Bedfordians. Archbishop Trevor Huddleston was born in Bedford and was a relentless campaigner against apartheid. He was so strong in his actions, against such great odds, that he earned the nickname in South Africa of "the dauntless one". John Le Mesurier, better known as Sergeant Wilson of "Dad's Army", was another Bedfordian and a great man of comedy, who penned his own obituary in *The Times* thus:

"John Le Mesurier wishes it to be known that he conked out on November 15th. He sadly misses his family and friends."

It is said that his last words were, in true Sergeant Wilson fashion; "It's all been rather lovely."

The challenge for the Government, met in the Budget, is to balance our books while rewarding work; to find a way in which our public services can support and raise up the people of this country who need their help, and not—as happens too frequently, despite the best intentions—hold them down. I believe that a key to that is unleashing the power, potential, leadership and creativity of our social enterprises and charities.

Recently, Bedford college hosted an evening with the entrepreneurs—an opportunity for schoolchildren to meet some of the leading lights in our social enterprises, including Adele Blakebrough of Community Action Network and Tim Campbell of the Bright Ideas Trust. The schoolchildren could hear the passion that guided those people's lives, and learn about their potential to provide for social services in a better way than the bureaucratic state.

In Bedford, groups of charities have already come together in a formal coalition, Consortico, which will enable them better to compete for the contracts that local government offers. Those charities and social entrepreneurs need the Government as an ally who will enable them to overcome the inertia and intransigence of some arms of the bureaucratic state. We need the leaders of the arms of the bureaucratic state to become champions of unbundling their privileges, not intransigent defenders of their own interests.

Social enterprise is one key, but as has been said many times in the debate, enterprise is absolutely critical. For the arc of my life, my home town has been in economic decline. It is not unique in that—indeed, the causes transcend party and are a pattern repeated throughout our country. Manufacturing jobs have been exported as we plugged into the global economy. There are measures in today's Budget that will start to address that and rebalance growth throughout our economy. We have witnessed a persistence by Government in permitting those who are able but idle not to contribute to the economy. Again, this Government will tackle that.

In Bedford, we have experienced a doubling of unemployment in the past 10 years. The so-called boom of the past decade seemed to pass our town centre by. It is now in urgent need of regeneration, but incapable of making that happen unless we achieve the economic recovery that we need. The measures the Chancellor proposed today will hasten that recovery.

Our bypass is tantalisingly close to completion after 70 years of waiting. As a town, we need to start punching above our weight to attract more capital to it and to the constituency. We will do that together as a community, by promoting entrepreneurship so that we can start

more small businesses, and by opening up our bureaucracies to the social entrepreneurs who can provide a much better service for our community in the long term. We will provide a beacon for other communities to show what can be done by harnessing the opportunities that are presented even in these most difficult times for communities to step forward and fulfil the challenges.

It is said that courage is often found in the most challenging times. With the very difficult measures that he proposed in his speech today, the Chancellor has shown us the courage that is needed, and that he can set us on the right course.

We need a House that can both strive for the most important interests of this country and amplify the weakest and quietest voices in our community. The people need a House that can be a beacon for liberty, freedom and democracy for those in the world for whom those are still ideals and not reality. We need a House that will restore probity to the public finances, so that future generations of Britons are not shackled by the excesses of this generation. The Budget has made a start. I hope, in my time in this House, that I can make a brief and small contribution to achieving those ambitions.

4.40 pm

Austin Mitchell (Great Grimsby) (Lab): In rising to make what must be my 13th maiden speech, I congratulate the hon. Member for Bedford (Richard Fuller) on his graceful maiden speech. He ensured that what can be an ordeal for new Members was not an ordeal for the rest of the House. I am afraid that my one association with Bedford is an unhappy one. I was carted there in an ambulance after a car crash on the A1 and was in concussion for some time. When I woke up, the surgeon came to see me and congratulated himself on having stitched my right hand together, before telling me that I should be very grateful to him. When I explained that I am left handed, he just said, "Damn!" and went away. It was interesting to hear of the famous people from Bedford—better John Le Mesurier than Eddie Waring, I suppose—and of the attractions of the town. I am sure it has produced almost as many interesting people and has almost as many attractions to visit as Grimsby.

I am less congratulatory to the Chancellor on his Budget. I congratulate him on the provision to protect low-paid civil servants, of whom there are many, from the rigours of a pay freeze, but I am not sure that such measures will be sufficient to outweigh what my hon. Friend the Member for Nottingham East (Chris Leslie) called, in his very effective speech, stealth cuts, or the general depressive impact of not only the Budget, but the £6 billion of cuts that went before it and the massive cuts still to come. Those are not part of the Budget package, but they must be viewed as part of the approach. I am sure those measures will have such a depressing effect on the economy that the poor cannot be protected by the simple measures the Chancellor introduced.

In fact, collectively, the package of cuts and the Budget lead me to lament the economic ignorance and social arrogance behind them. The Budget is a dangerous assault on the economy when growth is just beginning—it is not fully entrenched or powerful yet—and there is a glimmer of light ahead. It also represents a transformation in the attitude of the Conservative party. Its leader tried to win the election—he did not actually do so—by charm and by presenting the face of compassionate conservatism. He undertook to protect spending on aid, defence, the NHS and education, to protect front-line services, and to preserve free bus travel and winter fuel payments for pensioners. He also told us that he had no plans to increase VAT. Those must have been the same non-plans that the Conservatives had in 1979, when they increased VAT from 8% to 15%—their non-plans then were equally fulfilled.

That charm offensive—compassionate conservatism—has been replaced by the Chancellor, who was clearly kept in the attic, like Mrs Rochester, during the election campaign, so that he did not go out and frighten people with the extent of the cuts that he wanted to make. He has now been released from the attic to impose his Mrs Rochester economics on the system, with a few pathetic crumbs and benefits, such as the abolition of the cider duty, which we had already in fact abolished before the election. That has now been dropped from the Tory table to the Liberal Democrats to give them and their leader something, however small, to compensate them for having betrayed those who voted for them, thinking them an independent-minded, compassionate middle party.

Martin Horwood: Does the hon. Gentleman really think that taking nearly 1 million people out of income tax, which was a key pledge in the Liberal Democrat manifesto on which we insisted in the coalition agreement, is a small matter?

Austin Mitchell: No, it is of great benefit. I congratulated the Chancellor on it, and I am glad the Liberals won it. However, it is still not sufficient to compensate those 1 million people for the increase in VAT, which is a regressive tax, and for the general depressing effects on the economy and employment of the other measures in the package of cuts in the Budget. That policy on income tax is a gain for the Liberals—and, indeed, the country—and it was right. I congratulated the Liberals at the time on including it in their manifesto.

The transformation of the Liberals is like that of the pigs in "Nineteen Eighty-Four"—I am not calling the Liberals pigs, but they were pigs in "Nineteen Eighty-Four"—into human beings, if not Tories. The Liberals have been transmuted not into Tories, but into European liberals—I am thinking, in particular, of the Free Democratic party, which is an economic liberal party that, I am pleased to note, is now disrupting the coalition in Germany by demanding stringent cuts from Angela Merkel and the Christian Democrats. I am sorry to see my friends in that situation. There are difficulties in the coalition between the Liberals and the Conservatives, because it is like merging a Brownie pack with the Brigade of Guards. I feel sorry for Liberal Ministers who have to sit there and join in the chorus of nodding dogs on the Front Bench at every Tory policy announcement. I am sorry to see that habit spreading to the Liberals.

Richard Graham (Gloucester) (Con): Will the hon. Gentleman give way?

Austin Mitchell: In a minute, when I have finished the joke!

[Austin Mitchell]

It is sad to see the Liberals justifying Tory policies, while their Ministers in the Cabinet are being picked off one by one by the Tory press, which is maligning them and doing them down. That is a pathetic spectacle.

Richard Graham: Does the hon. Gentleman agree with Oona King's remarks to *The Guardian* last week that the tragedy of new Labour is that, while many signed up to the concept of social justice and economic growth, too many Labour Members concentrated on social justice and forgot about economic growth? The reality can be seen in my constituency of Gloucester, where 4,600 jobs have been lost in the private sector over 10 years, 7,600 have been created in the public sector and there is record youth unemployment. Economic growth has completely disappeared, so it is the Government's job to restore the economic growth in order to provide the social justice we all want.

Austin Mitchell: I am surprised that the hon. Gentleman has not heard of the economic recession and its effect on our economy. Before now, we have enjoyed 10 years of steady, substantial economic growth that has improved everything—it has put more people in work, improved people's quality of life and made them better off. Does he deny that reality? I do not want to get into an argument about history, but he is blaming the recession and putting the blame for that on the Labour Government.

I want to move on to the substance of the Budget. The package of cuts in the Budget represents a gigantic confidence trick bigger than the Zinoviev letter, which the Tory party was seen to be responsible for as well. We have to accept that recession brings a need for social democratic, governmental state solutions. Recession brings a need for regulation and fairness, and for public spending to counter the curtailment of private spending and to protect the community. The Conservative party has reacted to that by creating panic about debt, borrowing and the possible foreclosure of our credit cards in Europe. Conservative Members warn about us becoming another Greek economy and, through their tirade of anti-British complaint, they consistently knock Britain.

The clamour about debt is designed to frighten people into accepting measures, cuts in public spending and the roll-back of the state that the Conservative party certainly wanted to put in place anyway.

Richard Graham *rose—*

Austin Mitchell: There is no need to defend the Conservative party at every juncture in my speech. The hon. Gentleman might concentrate on defending his own party for its part in the process—[Hon. Members: "He's a Conservative."] In that case, I apologise and give way.

Richard Graham: I am very grateful to the hon. Gentleman for giving way again. Has he looked at the other role model example, which is that of Spain? Currently, it has 20% unemployment, and 40% youth unemployment, having followed precisely the policies that he and so many of his colleagues appear to be advocating—that is, to carry on spending regardless. That leads not to economic growth but to economic disaster. If it were to happen in my constituency, there would be riots on the streets.

Austin Mitchell: I am sorry for mistaking the hon. Gentleman for a Liberal. As a Conservative, he must be sitting in some kind of custodial role on the Liberal Benches.

The analogy that the hon. Gentleman makes is false. It is no use comparing us with Spain, Greece or any of the European countries. Our borrowing is on 13 or 14-year terms, and the interest rates that we pay on it are much lower, whereas Greece's borrowing is on two-year terms, or less.

We are protected by something for which our previous Prime Minister is never given credit—the fact that we did not enter the euro. The Liberal party wanted us to do that, but our being outside it means that we can take exchange rate adjustments that Greece, Spain, Portugal and the other countries in this situation cannot. As a result, we are not facing the same problem, or the same threat to our debt.

Chris Heaton-Harris (Daventry) (Con): I take it, therefore, that the hon. Gentleman is proud of the fact that we pay £80,000 in debt interest every minute that ticks by. Is he proud of that?

Austin Mitchell: I am proud of that, because it keeps the economy running at a higher level than would otherwise be the case. It keeps people in work, and it stimulates the growth that is the only answer—

Several hon. Members *rose—*

Austin Mitchell: I am sorry, but I want to make a little progress with my argument. I am proud of borrowing. I believe that we have not placed enough emphasis on the need for borrowing, or its role. Borrowing is extremely important, and the panic being created about debt and borrowing is totally unrealistic. It is counter-productive economics at a time when we are facing a recession.

First, I should point out that the debt is not a serious problem. Our debt-to-GDP ratio is lower than that of any other country in the G7, except Canada. We are in a healthy situation when it comes to debt.

Secondly, borrowing by the Government is not the same as borrowing by a household or a company. A Government cannot feel the burden of debt in the same way, because Government borrowing stimulates the economy, growth, jobs and employment.

Mr Sam Gyimah (East Surrey) (Con): To see the problems caused to a country by debt, we only have to look at what happened to Greece. It is clear that it can be a problem, and that something has to be done to resolve it.

Austin Mitchell: We are doing something to resolve it, and that is to get growth. The only way to bring down borrowing and get the economy moving so that it can bear a heavier burden of debt repayment is through economic growth—all the rest is simple piggy-banking and economic ignorance. If I am going to have to face a chorus of that kind of piggy-banking attitude for the rest of my speech, it will be very unfunny, and I had intended it be as humorous as I could make it.

We have to accept that borrowing is important, and that borrowing by a Government is not the same as borrowing by a household. That is because Government

borrowing stimulates the economy, growth and jobs. Borrowing in a recession is a virtue. Indeed, it is absolutely essential, because if the private sector is contracting and credit is tight, and if people are not spending, borrowing is the only way that purchasing power can be kept up, so that the economy can be stimulated. It is simple Keynesianism, and I am surprised that the Tory party seems to have forgotten Keynes.

Steve Baker: The hon. Gentleman has said the word himself, so I will make the same point that I made to the hon. Member for Nottingham East (Chris Leslie) earlier. The hon. Gentleman is just rehearsing Keynesian arguments that died in the 1970s. Even the Labour party in the '70s understood that, to the extent that Keynesianism worked at all, it only succeeded in stimulating inflation. Would he please consider the inflationary effects of the policies that he is recommending?

Austin Mitchell: Well, where are they? The Government claim that we have been borrowing at too high a level, yet in 2008 the Conservatives were keen to accept—as an electoral manoeuvre—our spending targets, saying that they would adopt the same targets themselves. Did they mean that we should not have borrowed to save the banks? Should we have let the banks go under, with the cataclysmic consequence of credit contracting in our society? Much of that borrowing went into saving the banks. Should we not have done that?

Claire Perry: I am listening, as always with great interest and enjoyment, to what the hon. Gentleman is saying, but in my constituency people were worried that we were about to lose our sovereign credit rating, which would have been a consequence of the sort of borrowing that he is talking about. Do his constituents not care about that, or not think that it is a risk?

Austin Mitchell: My constituents care about the jobs, benefits and growth that borrowing can give them. That kind of threat that the hon. Lady describes is not talked of in the fish and chip shops of Grimsby, nor is it part of any realistic assessment of our economic situation. There is no threat to our credit rating. The idea is absolutely ludicrous. In fact, the Office for Budget Responsibility, which is a wholly owned subsidiary of the Bank of England as far as I can see, has said that the borrowing estimates are coming down. We are borrowing less than the Government predicted. We can well bear that total of borrowing—we should bear it; we must bear it—to get the economy growing again, because that is the only way to pay off the borrowing and to reduce the overdraft.

The Government insist on cutting spending, but I am not sure about the scale of unemployment that today's cuts in spending will produce. The figure might be 100,000, but it might be up to 500,000, because that is how many jobs have been saved by Labour's expansionary policies and stimulus spending. However, if we increase total unemployment, those people will no longer be paying taxes. They will be receiving benefits and all kinds of public support, which is necessary to support them and their families. That means that the deficit will increase. Therefore, borrowing goes up as a consequence of an increase in unemployment. The only way to counter that is for the Government to spend and borrow to stimulate the economy.

The proof of that point is dramatically demonstrated in British history by the situation from 1931 to 1934. Because of the cuts made in 1931, with the Geddes axe and all that, public sector borrowing increased substantially from 1931 to 1934, because the economy was not growing. From 1934, when the economy began to grow under the stimulus of the housing boom and, later, rearmament, the public sector borrowing requirement as a proportion of GDP came down rapidly and substantially. That indicates my point, as did our experience when we came into government in 1997. The Conservatives seem to forget that, when Labour came to power in 1997, we paid off massive amounts of debt in the first three years, because the economy was growing and we could do so.

That is the solution to our problems. Only growth will allow what we borrow to be paid off. It is no use knocking Britain and saying that we are like Greece, Spain or Portugal. We are not like any of those: our credit standing is not threatened in any way and we can adjust through the exchange rate, because of what our previous Prime Minister did in keeping us out. The only way to reduce borrowing is to get economic growth. I hope that I have made that point sufficiently clear, because I have made it pedantically and at some repetitive length. It does indicate to me that borrowing is not a problem, and the panic created about it is something of a confidence trick. It is a smokescreen to allow the Chancellor to do what he wants to do for his own political motives: cut public services, roll back the state, cut public spending, cut benefits, cut provisions, and weaken the protection of the poor and those on benefit that comes from borrowing and higher public spending. It enables him to implement his own prejudices.

The cuts are supported by untrue claims about what Mrs Thatcher did in the 1980s. Mrs Thatcher was able to get away with those cuts, which destroyed so much of British manufacturing and certainly turned us from a net manufacturing exporter into a net manufacturing importer, because of the cushion of North sea oil. The Norwegians invested the proceeds of North sea oil in the future; what we did was waste them on a process of creative destruction of British manufacturing industry, which left us the weaker at the end of it.

The cuts are also justified by the claims that Canada and Sweden were able to carry successful spending rounds, but in both cases, the spending cuts were across the board with no huge chunks of the public sector being exempted from them. Both were carried out at a time when the world economy—including the American economy—was expanding rapidly, so that sustained the Canadian and the Swedish economies. We are carrying out our spending cuts, however, at a time of growing recession. Our ex-Prime Minister was trying to lead the world—he did lead it successfully—to agree on stimulus spending to get the economy to grow. This Government are joining a chorus of cuts that will deflate European economies and the world economy.

Bill Esterson: Has my hon. Friend had the same experience as I did in my constituency when discussing how to deal with the budget deficit? Not one person mentioned to me the issue of sovereign debt, yet every single person I spoke to agreed with our analysis that the deficit should be paid off by growing the economy.

Austin Mitchell: Yes, certainly. Sovereign debt is never mentioned. Indeed, this is one of the weaknesses of the Liberal party approach of supposedly involving the whole community in deciding on the cuts. First, it assumes that the cuts are necessary, but, secondly, we have to remember that one person's cut is another person's Trident missile.

Martin Horwood: In advancing this rather extraordinary proposition that we have nothing to worry about with the level of borrowing in this economy, is the hon. Gentleman saying that he would have opposed the Labour Government's plans to reduce departmental budgets by more than £40 billion over the next four years?

Austin Mitchell: Look, I am not an apologist for everything that happened under the Labour Government. I thought that that was an unnecessary commitment, particularly as it was made in order to safeguard our position and not frighten people in response to the Tory clamour about cuts. The Liberal party made the same concessions, actually, so it is no use the hon. Gentleman coming back to me on that. Even if we attempted to cut the deficit by half in four years, it is all a question of timing. There is a time for cuts—"Lord, make us cut borrowing, but not now" would have been my approach, and I believe that that is the only sensible approach. These cuts are premature. The economy is teetering on the brink of recovery, but it is not recovering, unemployment is still rising, the difficulties are still there, and credit is still tight. The banks are not providing credit on a sufficient scale; they need to expand credit and their lending. In that situation, cuts compound the problem. Thanks to these cuts and thanks to this Budget, we now face the danger of the economy slipping back into a recession.

Martin Horwood: Will the hon. Gentleman clarify his position, as it seems to have changed within the space of one speech? Five minutes ago, he was saying that only through growth would these issues be tackled and that we need not worry about borrowing. Now he is saying that it is only a matter of timing and that the Labour Government would have done exactly the same thing in due course.

Austin Mitchell: I was not responsible for the decision to try to cut borrowing within four years, but I assumed that it would be a question of "Let us do it as time allows". I am sorry that the hon. Gentleman is so strenuous in defending Tory positions—for his is essentially a Tory argument.

The answer is to expand the economy. Growth was beginning, and, as the report from the Office for Budget Responsibility shows, it is now threatened by the cuts and the Budget. Is that what the Liberal Democrats want? Do they want to reverse the improvement that is taking place? If the improvement continues and becomes more substantial, we shall be able to begin to cut borrowing, but that can only be done once the economy is growing strongly and effectively; and it will only need to be done then. We must keep spending high if we are to achieve that economic growth. The Liberal Democrats can make a lot of sacrifices to support the Conservatives, but prostituting their intellects is not one of them.

Claire Perry: I am learning a great deal about economics today. Presumably the hon. Gentleman would have advocated a strong reduction in borrowing at the height of the last piped-up economic boom at some point in the mid-2000 cycle. I should be interested to know what his views were back then.

Austin Mitchell: I think, retrospectively, that we expanded public spending without increasing taxation enough to pay for it. The result was a series of subterfuges, such as the public finance initiative and the public-private partnership. It would be interesting to know what the Government are going to do about them in order to get borrowing off the books.

It was right for us to expand public spending. Society has improved enormously. Public spending improves the lot and the lives of the people, and it is our job to improve those things. I would certainly have spent more, but I would probably have taxed more to pay for that spending. I do not see why the people who benefited so substantially and did so well during the period of growth that we experienced under a Labour Government should not pay more in taxes now in order to counteract the recession with which we are currently trying to deal.

This is a circular argument, but, as I have said, the only answer to the borrowing problem and the deficit problem is economic growth to close the deficit and ease the borrowing, and to make it easier—as we did between 1997 and 2000—to reduce borrowing substantially. When we have growth, that is an easy process. It is silly to worry about it, become obsessed with it and create an atmosphere of fear, but that is what the Government are doing.

The leader of the Liberal Democrats, the Deputy Prime Minister, told us that this was a Free Democratic party moment, and that these would be progressive cuts, the poor and the north would be protected, and the cuts would deliver fairness. That is totally wishful thinking. Cuts always, and must necessarily, hit the poor and the vulnerable hardest. They have less with which to protect themselves. They are more dependent on public spending. Grimsby is more dependent on public spending than, say, Weybridge, or some of the other more prosperous southern areas. Any group or area that is heavily dependent on public spending will be hit by cuts, and that means Grimsby. I am now trying to protect Grimsby from those consequences.

An article in yesterday's *Financial Times* provided us with an interesting map. Members should read the article, headed "Poorer areas are to be hardest hit", and stating that the cuts would be

> "striking twice as deeply in parts of the Labour-dominated north of England as in the Conservative-dominated home counties."

That is the effect of cuts on the people and the spending in my area.

Richard Graham: Does the hon. Gentleman agree with Lord Myners, whose speech in the House of Lords last week reflected his deep frustration following conversations with Ministers in the previous Government who constantly expressed the belief that Government created jobs? His core point was that Government create the environment—the framework—in which jobs will be created by business. The problem with constituencies such as the hon. Gentleman's, and to some extent mine, is that over the years Government have been led into the

belief that they can create jobs themselves. In fact, what has happened is that more people have gone on to benefits, and our cities have stopped being working cities and have increasingly become benefit cities that need to be rescued today.

Austin Mitchell: The short answer is that I do not agree with Lord Myners in a w respect at all.

I have just been passed a note from the *Hansard* reporters, which must imply that I have finished speaking, but in fact I have not.

I must point out to Members, particularly those on the Government Benches, that public money follows need. We are spending at a higher level because need is greater because of the recession. If we cut public spending, as the Government intend to do, we punish need. We do not punish the greed that brought the banks and the economy into recession, nor do we punish the people who have done well out of the economic growth. We punish the needy people and the needy regions. As I represent one of those needy areas—Grimsby—I object strongly to the £6 billion of cuts now being carried out, which the Liberals joined in with, as well as the cuts to come and the cuts foreshadowed in this Budget.

I cannot welcome this Budget, therefore. I think it will be disastrous for the Liberal Democrats. It will also be bad for the poor and the vulnerable. It will be bad because it will hit the recovery that is now taking place, and which is all too slow. It will be bad because it will increase unemployment. It will be bad because it will increase the deficit, and it will be a disaster for our nation, which will be locked into deflation; it will be pushed into it longer than need be.

I give the Chancellor a message from Grimsby, therefore: we who are about to suffer, certainly do not salute you.

5.11 pm

Andrea Leadsom (South Northamptonshire) (Con): According to the Bank for International Settlements, the amount of global derivatives outstanding is now $1.14 quadrillion; that is more than $1,000 trillion and more than 10 times the GDP of the entire world. It is a vast risk, and not only that; it is largely unregulated and traded between the banks themselves.

I am grateful for this opportunity to give my maiden speech during today's crucial Budget debate. There is no doubt that the actions we take now to cut our deficit and make our banking system safer will determine how quickly our economy recovers.

In speaking today, I am following in the big footsteps of my predecessor, Tim Boswell. He made his maiden speech during a debate on the Finance Bill in 1987, and I hope I am not tempting fate, because within a few months of his speech the stock market spectacularly crashed.

It is a great pleasure to pay tribute to Tim's 23 years of service in this House. He is one of a small number of politicians to have been called a saint by *The Daily Telegraph* and he has certainly been an honourable Member of this House. As well as his many virtues, however, he also has a wicked sense of humour. He recently e-mailed me to tell me he was never going to vote for me again—ever. It was only after a few minutes of sheer panic that I realised that that was his way of giving me the great news of his elevation to the other place. Tim has many friends on both sides of the House and I am sure many Members will want to join me in congratulating him on his well-deserved new role.

South Northamptonshire is a new constituency, with two thirds of it from Tim Boswell's Daventry and a third from Northampton South. My family members have worked and farmed there for generations. It is a wonderful place in the heart of England: we have a mixture of ancient villages, with the market towns of Brackley and Towcester; we have thriving new communities on the outskirts of Northampton; and, of course, we have the world-famous Silverstone circuit. Engineering and technology businesses are a great strength, and we also have some big local employers, such as Barclaycard and Carlsberg.

We do have our own challenges, however. Under the last Government Northamptonshire was a huge target for housing growth, with little regard for the needs and desires of existing long-standing communities, and I am very glad that my right hon. Friend the Secretary of State for Communities and Local Government has announced plans to scrap the regional spatial strategies, thereby giving power back to local people.

We have been beset with applications for wind turbines on the edge of villages, where local residents have felt unable to defend their own environment.

More recently, we have whole communities under threat from Labour's preferred route for high-speed rail. It would literally cut through farms and villages in my constituency, in some places on a 6 metre-high embankment. We all know that we cannot build new infrastructure painlessly, but there is a huge price to pay by people whose homes and businesses would be destroyed by the track. I urge our Government to make sure that the consultation on high-speed rail gives to everyone whose life and business will be affected the opportunity to have their voice heard. South Northamptonshire is a gem of a place to live, to work and to visit and I am hugely honoured to be its first Member of Parliament.

Let me return to the subject of the debate. To me, it is absolutely key to restore the health of our financial services sector as a critical part of restoring our broken economy. There are two ways of doing that. First, I am glad that my right hon. Friend the Chancellor of the Exchequer has already decided to give back extra responsibility to the Bank of England.

In 1995, Barings bank collapsed due to rogue trading in the far east. Nick Leeson had found a way to put on massive uncovered derivatives exposure without the knowledge of Barings' treasury in London, in a different time zone if not on a different planet. At the time, I was managing the investment banks team at Barclays, and we were the principal banker to Barings. The collapse came on a Friday evening and the markets were threatening chaos, but Eddie George, the then Governor of the Bank of England, called together a small group of bankers, including myself, and we worked over the weekend to calm the fears of banks that were exposed to Barings. The direct result was that there was no run on the banks on the Monday morning. Barings was allowed to fail and there was no systemic contagion.

The difference between that experience and the more recent experience with Northern Rock is the difference between accountability and the tripartite system. In 1995, Eddie George knew that it was down to him to

[Andrea Leadsom]

prevent a run on the banks, whereas in the case of Northern Rock, we had the Financial Services Agency looking to the Bank of England, which was looking to the Treasury for action. The result was the first run on a bank in 150 years and a taste of the financial meltdown to come.

From my experience, I am positive that a key to restoring the health of our financial sector is giving back powers and accountability to the Bank of England, and I am delighted that my right hon. Friend plans to do just that.

There is a second key action that we need to take as well. The financial crisis was not just a failure of regulation; it was also a failure of competition. The great Adam Smith always said in his wealth-creation ideas that for markets to be free and for us to create new wealth we have to have free entry and free exit of market players.

But in the world of finance those principles have not been true for years: cost and complexity have created huge barriers to new entry; we have already seen that Governments cannot possibly allow a single bank to fail when there are issues of systemic contagion; and we see every day the distortion of free competition in the power of investment banks to charge huge margins for derivatives trading and underwriting.

So, I and many of my ex-City colleagues argue that a key way of making our banking system safer is through measures to change the culture of our financial sector. The banks that are supposedly too big to fail must be broken up. The barriers to entry must be removed. The ability to charge monopoly prices must be taken away.

In South Northamptonshire, businesses are struggling because of the lack of available working capital, but with our high-tech and engineering expertise we should be really well placed to build new jobs in the low-carbon economy that our Government want to create.

The Government are right to want to promote a broader mix of business in our economy. That mix must contain a successful financial services sector with healthy competition and the free availability of working capital.

It is a mix that will be at the core of our economic recovery.

5.19 pm

Stewart Hosie (Dundee East) (SNP): I congratulate the hon. Member for South Northamptonshire (Andrea Leadsom) on her maiden speech. She brings great experience to bear, and her description of accountability versus the tripartite, in the differences between Barings and Northern Rock, was instructive. Many of us remember that there were so many cracks between the three pillars of the tripartite they were unable even to agree a weekend takeover of Northern Rock, which led to a five-month hiatus before the action to nationalise was finally taken. I agree entirely with the hon. Lady, who said enough today to show the whole House that she will be a huge asset to her constituents and her party.

Before I comment on the Budget proper, I have a question for Members on the Treasury Bench about the bank levy. The Chancellor said it would apply to the balance sheets of banks and building societies, and to the UK operations of banks from abroad. He sensibly said that there would be deductions for tier 1 capital and insured retail deposits, and a lower rate for longer maturity funding. However, we already have the financial services compensation scheme and some banks are also paying considerable amounts towards insurance premiums for the asset protection scheme for non-performing distressed assets.

Furthermore, the European Banking Authority proposed both a European deposit guarantee fund and a European bank stability fund. Will the levy be discounted, or deductions made, on the basis that funds are going to those schemes too? I make the point not because I do not want the banks to take their full share, but because for every £1 billion in bank levy, there is £20 billion less to lend in the real economy. A little understanding of the relationship between the bank levy and other draws on banks' cash would be helpful.

The Chancellor clearly confirmed the position of the economy. There is a deficit of £149 billion—10.1% of gross domestic product—and national debt is still about £1 trillion. Using the treaty calculation, we know that it is due to hit £1.3 trillion by 2015-16, which is still about 80% of GDP. In the real economy, our balance of trade position last year was £32 billion in the red and there was a catastrophic £82 billion deficit for trade in goods, which was no doubt a consequence of Labour's managing to lose a million manufacturing jobs between 1997 and the start of the recession. Notwithstanding what was in the Budget statement, I found it heartening that in so many maiden speeches, particularly during the debates on the Gracious Speech, Members spoke about rebalancing the economy and supporting manufacturing in their constituencies. We certainly need to do that.

The economic backdrop to the Budget—the mess left by Labour—is clear, and demonstrates many of the irresponsible decisions taken by the Labour Government. However, I shall concentrate on the implications for Scotland and the UK economy of the solutions proposed by the Chancellor. To summarise, he said there would be an additional £32 billion reduction in spending by 2014-15, as part of an additional £40 billion in so-called fiscal tightening by the same year. That is an extraordinary additional amount to take from the economy.

It is worth repeating how much the UK economy has been supported over recent years by Government spending. At the time of last year's Budget, Government consumption was up 2% on the year, which helped keep the economy afloat when household consumption was down 1.9%, business investment was down 24% and gross fixed capital formation was down 14%. That was investment in productive assets for the future.

Household consumption is now 0.5% lower than last year, while business investment is still down 11% and gross fixed capital is down 5.7%. Government consumption was up 3% on the year, to support the gap and keep the economy going. I hope the Government are right about their plans, but I have a serious question about the Office for Budget Responsibility forecast that from 2011 onwards business investment would rise at rates between 8% and 11%. I very much hope that the OBR is right, but they seem to be heroic growth figures. I hope that we are not in the same position with the new Government's business investment figures as we were with the old Government's raw, vulgar growth figures—overstated—and I hope that the OBR is correct. We are certainly not out of the woods yet economically.

Although Labour cut the Scottish budget and the UK budget in real terms in this financial year and Labour ensured that the UK was one of only two countries in the G20 without a fiscal stimulus package this year, the new coalition Government appear to be ignoring much of the evidence that only Government consumption shored up and supported the economy when private spending and investment had fallen through the floor. I hope that the Government are not blind to the fact that such support is still necessary.

Given that the Chancellor's comments today on accelerating the attack on the structural deficit confirm the presumption that most of the savings will come from cuts, he runs the very real risk of pulling the rug from under what remains fragile growth and risks undermining economic recovery. Given that the ratio of cuts to tax increases has gone from 2:1 to 4:1, his comments certainly confirm that we are pointing in the direction of a 25% reduction in unprotected departmental spending—an extraordinary reduction in many Departments' budgets.

The OBR has downgraded growth forecasts—this was published today—from the 3.2% growth figure published by the previous Government for four of the next five years and the 2.1% to 2.35% average trend growth figures that it published on 14 June to 2.3% for 2011 and 2.7% to 2.9% thereafter. The implications are massive real-terms cuts affecting both Scotland and the rest of the UK. Although a £400 million real-terms cut to Scotland this year was announced in Labour's last Budget, this Budget will deliver further billions of pounds in real-terms cuts on top of the £330 million in cuts that come from the £6 billion cuts announced earlier this year but deferred until next year by the Scottish Parliament.

The problem is that we were all critics of the last Government for not holding a comprehensive spending review, but, of course, the departmental expenditure limits in the Red Book today give no clarity, as they do not go past 2010-11. Although the Chancellor offered a deal of information, those figures were not—unless I have missed them completely—in the Red Book today.

Steve Baker: This emergency Budget is much needed, and I hope that we can forgive my right hon. Friend the Chancellor if it is missing some of the detail that the hon. Gentleman wants.

Stewart Hosie: I appreciate that this is an emergency Budget. The emergency has been going on for some years. It was foretold by this Government, who said in opposition that they would introduce this Budget. They have had plenty of time to prepare, and they have done so as well as they possibly could. My criticism is that, if the Labour party did not have a comprehensive spending review with the pre-Budget report last autumn and if it did not have one with the Fiscal Responsibility Act 2010, in which it set out £57 billion of cuts in a single year, and if it did not have a CSR with the March Budget, which imposed real-terms cuts on the UK and Scotland this year—that criticism was made by the Tories in opposition, as well as by the Scottish National party, having heard the Chief Secretary's announcement of £6 billion in early cuts a month ago—perhaps we could have had one with this Budget, but I take the hon. Gentleman's point that the Government have been in power for only a few weeks.

Given the cuts that we have seen and the growth forecasts that have been laid out by the OBR, my assessment is that they can only add to the cumulative £25 billion shortfall in available public expenditure in Scotland over the next 13 years that is a consequence of the previous Government's plans. With an accelerated attack on the structural deficit, I fear that that cumulative figure may become worse.

The Chartered Institute of Personnel and Development has warned of overall UK unemployment pushing past 3 million. I genuinely hope that the OBR is right and that unemployment will peak this year at 8.1%. Time will tell, but I suspect that the cuts that we are likely to see will mean that that figure is optimistic. Of course, we hope that those who are in jobs will stay in jobs and that unemployment will not push beyond the forecast peak of 8.1%, because if it does, there will be a reduced tax yield, higher benefit costs and less spending in local economies. In short, today's plans, like Labour's at the previous Budget, might make the task of tackling the deficit and debt more difficult.

I suppose that my criticism of this Government is similar to that of the previous Government. We needed a credible deficit consolidation plan that took account of all economic circumstances, rather than a high-risk assault on public sector spending. Given that market confidence is based on the credibility of the deficit consolidation plan, rather than simply the speed of the cuts, I do not understand why the Government chose to use the Canadian model of perhaps 20% reductions over three years, rather than the New Zealand model over the medium term. The New Zealand model was equally successful, and such an approach would have allowed the UK Government to choose to take advantage of £50 billion of medium-term savings by cancelling Trident and its replacement.

The hon. Member for Great Grimsby (Austin Mitchell) made the point that sustained, above-trend growth in the economy is the real solution to the deficit and the debt. Given the tough situation that we are in, we need a proper, serious and sensible discussion about actions that have been taken, and indeed those that have not. Although I recognise that the Budget includes cuts in business tax and I welcome the move to reduce corporation tax, the decrease in capital allowances and the annual investment allowance will take £7 billion from business over the next four years. I wonder whether that approach will have a disproportionate impact on growing businesses that use the investment allowances, while benefiting firms that get on with their business and enjoy the corporation tax benefits but do not necessarily invest and recruit more people.

When the Government took the appalling decision to scrap video games tax relief, why did they not take their own advice, which was published only this month in the spending review framework, to

> "Protect, as far as possible, the spending that generates high economic returns"?

One would have thought that we should be protecting and growing investment in that field, because it is exactly the kind of area that could generate the high economic returns demanded in the framework. When the money from the fossil fuel levy is sitting in an Ofgem account, why did the Government not decide to free it up for investment in Scotland's green future, instead of simply reviewing the position? Why, given that it was

[Stewart Hosie]

Conservative party policy, did the Government not move to introduce quickly a fuel duty regulator that would deliver fairness to business and stability to allow them to plan transport and haulage costs, instead of punting the proposal into the long grass?

It is clear that ordinary people will pay the price for the recession, as we see from today's announcements on VAT and benefits. The jobs and necessary spending power of ordinary people in the public sector will be lost. Many in the private sector might come under huge pressure when the public sector contracts awarded to the private sector dry up or end.

Much of the Budget might represent short-term thinking. The Public and Commercial Services Union estimates that there is some £123 billion in uncollected tax, yet this Government's plans, like those of Labour before them, could well lead to a reduction in the head count at Her Majesty's Revenue and Customs just when such people are needed most to maximise the revenue yield. Although I hope that I am wrong, there is a clear risk that the plan set out in the Budget will lead to a stagnation of growth. Perhaps Lord Mandelson's threat of 10 years of austerity under Labour will come true, albeit with different parties at the helm.

Whoever is in charge, it is obvious that Scotland can no longer afford to be tied to an economic policy set out in successive UK Budgets that could undermine public services when we need them most, lead to the loss of spending power as public sector employees lose their jobs, and result in public sector contracts in the private sector drying up, and still also be tied to a fiscal regime that, at least under this Budget, fails to deliver the agenda for long-term growth that Scotland and the Scottish economy desperately need.

It is time to take full fiscal responsibility for reshaping and growing the Scottish economy, with the transfer of fiscal powers and responsibility from Westminster to Holyrood; to give the games industry a chance to grow and prosper; to use the fossil fuel levy to invest in our green future; to ensure both that the deficit is tackled properly over the medium term and that we do not take risks with a short-term consolidation. My great fear about the Budget, as was the case with Labour's plans, is that while recovery is fragile, to suck out consumption, clearly in excess of 3%, 4% or, indeed, 5% of GDP in single years, almost certainly runs the serious risk of tipping the economy back into recession and, as I have said, of making tackling the deficit and the debt, which is important, more difficult rather than more straightforward.

5.35 pm

Neil Carmichael (Stroud) (Con): First, I pay tribute to my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) for an excellent speech on an important subject—regulation and competition in banking—that was worth while and useful to hear. I should like to refer, too, to a comment by the hon. Member for Great Grimsby (Austin Mitchell), about his love of borrowing. Borrowing is not exactly always a bad thing, but there is simply too much borrowing now, and that is what we have to address. We have to remember that £1 in every £4 that we spend is borrowed, which is ridiculous.

The hon. Member for Nottingham East (Chris Leslie) has disappeared, but I want to make two points about his observations. First, he said that we would cut capital expenditure. Actually, we are not doing so. The Chancellor made that perfectly clear, and we must repeat it often, so that people understand that capital expenditure is not going to be cut. Secondly, the hon. Gentleman discussed cuts in Nottingham East in local government and the health service. If he had been in Gloucestershire before the general election, when Labour was in power, he would have noticed that it was subject to cuts, too, in the number of beds in our hospitals. Those cuts, and his cuts, are all about the fact that the Government are facing a situation summed up neatly by the former Chief Secretary to the Treasury, the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), who observed that

"there's no money left."

Whichever party, or set of parties, won the general election, there were going to be changes, and I am afraid that we have to face up to the consequences. This is not just a Budget about cuts; it is not just a Budget about being responsible in dealing with those cuts; it is not just a Budget about being fair to everybody, although it certainly is—we are being fair across the board in the amount of expenditure being cut and the changes in taxation; but it is a Budget about growth, and we must remember that. It includes useful tools to encourage small and medium-sized businesses to begin growing again.

Bill Esterson: The hon. Gentleman makes the point that we need a Budget for growth, and has just begun to discuss small and medium-sized businesses, and the important role that they have to play. However, does he agree that if we take the stimulus out too fast, it will prevent those businesses from playing the role they need to play in growing the economy again?

Neil Carmichael: The point I am making is that we are providing stimulus for small and medium-sized businesses to get going. We are not going to increase national insurance, for example, as the Labour Government would have done, which is a significant step in the right direction. We are introducing a green investment bank, to make sure that small businesses can develop new technology, which is good news and a stimulus. We are going to ensure that there is more business rate relief for small businesses.

All those steps will help small businesses to progress, and it is important that we help them to do so, because, if we are really to protect our economy, we must not just deal with the deficit, although that is important, but ensure that we have growth. That growth will come in large part from small and medium-sized businesses. I know that from my constituency, because I keep being told, "We would like to have a simplified taxation system," and that is what we will introduce through the Budget; I keep being told, "We would like to see lower corporation tax levels," and that is what we will introduce through the Budget; and I keep being told, "We would like simpler ways of employing people," and that is what we will introduce. Those measures will help small businesses to deliver the growth that we need and, through that growth, the increased tax receipts that will further help to reduce the deficit.

It is important to emphasise that aspect of the Budget and, indeed, our whole economic plan, but we are going to go further, with the banking levy, which we have briefly discussed. That will be useful, too, because it sends a signal to banks that they must act more responsibly, and obviously as a levy it is also a money-raising measure. I must emphasise that, if we want to create an economy that can cope with the deficit, we must recognise that the ingredients for growth are important, and that the Budget provides them. It is important also to recognise that, throughout the entire time that I have been in the Chamber this afternoon, Labour Members have not talked about that; they have always talked about cuts. Yes, cuts are here; yes, they are quite serious; and yes, they are going to be painful for some. But, it is better to tackle that problem now in a responsible and planned way than effectively to back off and ignore it, because unless or until we start reducing the deficit significantly we will not be able to produce the growth that this country needs.

5.42 pm

Bill Esterson (Sefton Central) (Lab): I have registered in the appropriate place my interest as the director of a small business.

I congratulate the hon. Member for South Northamptonshire (Andrea Leadsom) on her maiden speech. She made some interesting points about the banking system and the need to break up the bigger banks into small banks. Perhaps she will agree that no bank should be too big to fail, as that was one cause of the many problems that we have seen recently.

I should like to discuss the Budget's likely impact on jobs, businesses and, in particular, my constituency. The Chancellor said that he had a plan to reduce the deficit, yet the Office for Budget Responsibility said that the deficit would have been halved under Labour's plans. Our plan was to cut spending, but only when the economy was strong enough, and Tory and Lib Dem Members seem to have forgotten a simple rule of economics: the role of government is to intervene in a recession when the private sector is struggling. The evidence from history shows that that works time and again. The time to cut the deficit is once the recovery is strong enough, not when the private sector is still on its knees after the deepest recession since 1931, apart from the one following the war.

The OBR, by the way, is staffed by the same people who wrote the Treasury forecasts. The Tories and Lib Dems have made much of the lower growth rate predicted by the OBR had Labour's approach continued, but in reality the OBR prediction factored in the market's reactions on interest rates, which in turn allowed for the £6 billion of spending cuts that the coalition planned. The *Financial Times* commented that the OBR did not note any fundamental skeletons in the Treasury, so it had taken account of the changes since March's Budget.

The Chancellor has adopted a programme of austerity. After the war, rationing continued under a programme of austerity. We really were all in it together, unless people bought on the black market, which of course the rich were able to do. For most people, however, it did not matter whether they had money or not, because of rationing: they could not buy things because they were not available. It was austerity based on scarcity. This time it is different. In this kind of recession, austerity hurts only those who are on low or middle incomes.

The increase in VAT will hit people on low incomes, and it will hit small businesses. When Labour cut the VAT rate, we saw a stimulus to the economy. The increase that the Chancellor announced today will have the opposite effect. The cap on housing benefit will also hit those at the bottom most, and reforms to benefits will not provide incentives for people to go into work. Removing tax credits for middle-income families removes a big incentive for many to work, particularly in the south, where middle incomes provide barely enough to get by.

The scale of the cuts is 25% for most Departments. That is a hell of a lot of cuts. It means the loss of front-line jobs, and many people in Sefton, and elsewhere on Merseyside, will suffer as a result.

Steve Rotheram (Liverpool, Walton) (Lab): Does my hon. Friend agree that the real result of today's Budget announcement will be huge increases in unemployment, which will have a devastating effect on the areas that we represent on Merseyside? That is something that we both predicted before the election, as did our friends on the Liberal Democrat Benches, who now seem to be siding with their friends in government.

Bill Esterson: I am grateful to my hon. Friend, who is absolutely right. Before the election, in his constituency and mine, the Lib Dems made much of their opposition to cuts in the current year, saying that it would increase unemployment, hit those on low and middle incomes, and increase homelessness and business failures. They were right to say so. When they changed their tune after the election, they did so purely for opportunistic reasons, not because they are interested in representing the people in the sorts of communities that my hon. Friend and I represent.

Mr Stewart Jackson (Peterborough) (Con): How does the hon. Gentleman account for the fact that in 15 years of economic growth based on the success of the previous Conservative Government, the Government he defended at the election managed to produce social welfare dependency to the extent that more than 5 million people were on social welfare payments, with the corrosive social impact involved in that? Is that something that he defended and lauded to his constituents in Sefton Central?

Bill Esterson: I am grateful to the hon. Gentleman for his intervention. In Sefton, unemployment was running at half the level of what it was during the last Tory recession, as were home repossessions and business failures. That, to my mind, is a sign of economic success. Given that, as I said, this recession is the deepest since 1931 apart from the period after the war, that is a measure of the success of Labour's policies in seeing off the worst effects of the global recession. That is an important difference between what Labour Members see as the way forward and what the coalition is trying to do.

Mr Russell Brown (Dumfries and Galloway) (Lab): The hon. Member for Peterborough (Mr Jackson) refers to 5 million people being on benefits. He tends to forget

[Mr Russell Brown]

something that my hon. Friend and I, and other Labour Members, recollect; there is collective amnesia about this. People were driven from being unemployed on to benefits—incapacity benefit or disability living allowance—simply to massage unemployment figures. That is what it was all about during the previous recession, and we are hearing the same thing again.

Bill Esterson: I am grateful to my hon. Friend, who is absolutely right. The reason why Labour Members who represent constituencies on Merseyside and elsewhere in the north-west did so well in the election is that people have memories of what Thatcherism meant. As other Opposition Members have said today, this is a Budget of Thatcherism, not one for sustainable growth. That should concern everyone in this country, because the Government are trying to repeat the failed economic policies of the 1980s and early '90s. My concern is that the cuts that my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) referred to will lead to the unemployment, home repossession and business failures that we saw all too often then, because of the loss of jobs in the public sector and the impact on people with small businesses.

The Liberal Democrats say that this is a Budget for fairness, but how can it be fair that an area such as Merseyside, which has some of the poorest parts of the country, is hit so hard? How can that be anything other than a very unfair way of "sharing the pain", as coalition Members have rather unfortunately called it?

The review of capital projects, which the hon. Member for Stroud (Neil Carmichael) mentioned, was first announced on 1 January. Unfortunately, the delays in the capital programme have taken out of the economy the stimulus that was following as a result of such projects. That review, announced for October, will mean taking money away from the economy at a time when it would have been most useful to support infrastructure projects and when, as my hon. Friend the Member for Great Grimsby (Austin Mitchell) so eloquently put it, the recovery is fragile. In my constituency, the Thornton relief road is a much-needed bypass that would stimulate the economy by bringing benefits to the construction industry and self-employed traders. I hope that the autumn review will mean a reprieve for a scheme that is much needed by residents and businesses alike.

Although the Chancellor's announcement that capital totals will not be cut further is welcome, it is bizarre that the capital schemes have been frozen since 1 January. The effect on the construction industry has already been severe. The industry itself says that 50% of construction projects should be publicly funded, as they currently are. The scale of cutbacks as a result of the delays has already had a profound effect, and in the case of schemes such as the Thornton relief road that is having an effect on contractors and subcontractors. They need the certainty of knowing whether the work will go ahead, and the lack of certainty is my concern about the delay.

Self-employed traders in my constituency have told me that trade has been down during the recession, but they are surviving. Unless projects such as the relief road go ahead, more small businesses will suffer. I have mentioned the unemployment figures and the rates of business failure and home repossession, and if we go back into recession, it will be far worse this time because there is not financial support in constituencies such as mine for large capital projects, and because of the level of public sector employment. I therefore urge the Government to bring forward their review of capital projects so that we can have support for the economy now, when it is most needed, in my constituency and across the rest of the country.

The Building Schools for the Future programme is of huge significance in Sefton and elsewhere. Phase 1 was due to start this year in Sefton, but again, the delay in confirming whether the programme will happen is having a huge impact on the children at two schools in my constituency, Chesterfield and Crosby high schools. It has also had a huge impact on contractors and small businesses. The summer holiday is a big opportunity to build schools and carry out the refurbishment and rebuilding work that is part of BSF, but it will be missed this year because of the delay. Projects that were due to start in April cannot now start before November. That will have a profound impact on schools, and businesses, jobs and the wider economy will also be affected.

The Chancellor gave hope when he mentioned the bank levy, but he said that it would raise £2 billion. The VAT rise is estimated to raise £13 billion, while the freeze on housing benefit will yield a further £1.2 billion. What is fair about asking the banks to contribute just £2 billion towards the deficit, while asking those on low incomes, such as pensioners and low income families, to pay far more? The Labour Government rightly bailed out the banks to keep liquidity going in the economy. We had to do that, but, if we are talking about fairness, it is now time to make those responsible for the biggest financial crisis of our age take their fair share.

Cutting free swimming is just mean. It hits the poorest hardest—£3 per child adds up for a family on a low income or a pensioner on a fixed income. What happened to Government commitments to healthy living for young people and pensioners? They did not last when things got tough.

The Chancellor talked about risk and reward, but the reality is that the biggest banks suffer little risk, as the bail-outs show. There are plenty of rewards through bonuses. Those on low and middle incomes have little reward, but face losing livelihoods and homes if the economy goes back into recession. If we really are all in it together, the bank levy should be far higher.

In Sefton, many people work for Departments and many are self-employed. The two are related. The Lib Dem and Tory councillors in Sefton foresaw the scale of Government cuts. They voted for 400 compulsory redundancies and massive cuts in council services, which would hit the most vulnerable, the elderly and the disabled hardest. Labour councillors and the trade unions in Sefton have resisted them so far. If the Government and council cuts go ahead—from Lib Dems and Tories at both levels—thousands of staff will lose their jobs across Merseyside. Those staff will struggle with housing costs and no longer pay into the local economy, hitting local traders. The Budget contained nothing about help for those who face unemployment or struggle with mortgage payments as a result of the proposed measures.

I have mentioned how hard the Budget will hit the area that I represent. The coalition is making a huge mistake by withdrawing the stimulus to the economy

this year. The Budget risks pushing the economy back into recession. The deficit can be cut only on the back of a strong economy, which can come only with support from the public sector until the private sector is strong enough to take over.

It is not a Budget for growth. I fear that it will push us back into recession, with misery for people who lose their jobs, homes and businesses.

Several hon. Members *rose—*

Mr Speaker: Order. As things stand, no fewer than six hon. Members are seeking to catch my eye. We have about an hour to go and hon. Members can do the arithmetic for themselves.

5.58 pm

Gavin Barwell (Croydon Central) (Con): Thank you, Mr Speaker, for that advice on timing.

My constituents understand that, as a country, we are in a hole. The public sector makes up nearly 50% of the economy, and we have the second highest budget deficit as a percentage of national wealth of any OECD country—it is high not only relative to our competitors, but by historical standards. According to the Library, the deficit was 11.1% last year, compared with previous peaks of 7.7% in 1993-94 and 4.8% in 1980-81. This year, we are in the ludicrous position whereby almost a quarter of all the money the Government spend is being financed by more debt.

According to the OBR, things are worse than the previous Government told us. The structural deficit—the part of the deficit that will not disappear as the economy recovers—which we should focus on, is worse than predicted in the previous Budget. My constituents recognise that the structural deficit is partly the result of a global recession. They and Conservative Members also entirely understand that it is not all the fault of the previous Government, who had to respond to a recession. However, it is also partly the result of the previous Government spending more than they were willing to raise in tax over a prolonged period.

Some Labour Members seem to have convinced themselves that the recession is all the fault of bankers. It is rather ironic for them to blame bankers when we consider that the things the banks did wrong—failure to set aside money in the good years, holding liabilities off balance sheet and constantly going to the markets to raise money—are exactly the policies that Labour pursued in government. The fact is that we were running a structural deficit of nearly 3% from 2002-03 through to the beginning of the recession. We are still waiting for an apology for that mistake, which has contributed to the problem that we face. Indeed, listening to the synthetic anger of Labour Members today has been rather difficult, because the current Government are dealing with the mess they inherited from the previous regime.

Nicky Morgan (Loughborough) (Con): Would my hon. Friend like to comment on the fact that there is not a single Opposition Back Bencher here today? It may well be a sunny afternoon, but not a single person is here to defend Labour's record when my hon. Friend is talking about some very serious matters.

Gavin Barwell: My hon. Friend's question is almost telepathic, because I was about to say that if the anger was genuine, I would have expected the Opposition Benches to be full throughout the debate, but that has not happened.

Bill Esterson: Will the hon. Gentleman give way?

Gavin Barwell: I would happily give way but I want to make progress, if I may, given the time limit.

My constituents understand that the problem is due partly to the recession and partly to the previous Government. What they were looking for today is the truth, and for the Government to take the right decisions for the long term rather than chase tomorrow's headlines. They want the deficit to be tackled without undermining the recovery, and as far as possible in a way that is fair to all sections of society and that protects front-line services. In her response, the Leader of the Opposition seemed to agree with those principles—but then told us absolutely nothing about how Labour would do things differently.

Bill Esterson: Last time I checked, I was an Opposition Back Bencher, as are my colleagues sitting next to me. I take exception to comments that suggest otherwise.

Gavin Barwell: Some Labour Back Benchers have attended the debate, but the Opposition Benches have hardly been full. The record is fairly clear.

The hon. Member for Leeds West (Rachel Reeves), who is not in the Chamber, said that it is the responsibility of the Conservatives to come up with the answers. It certainly is, and the Chancellor has discharged that today. However, it is the responsibility of the official Opposition to come up with a realistic alternative if they disagree with his measures. The hon. Members for Nottingham East (Chris Leslie) and for Great Grimsby (Austin Mitchell), who are also not in the Chamber, went much further and suggested that we could just grow our way out of the problem. They seemed not to understand that a structural deficit is one that will not disappear as the economy grows.

The key questions that my right hon. Friend the Chancellor had to answer today were: by how much to reduce borrowing, how quickly to do that, and what should be the balance between spending cuts and tax increases. The previous Government planned to dig deeper still into the hole by the end of this Parliament, and my right hon. Friend made the right judgment when he said that we should be in balance by the end of that period, and that we should have started paying off debt by 2014-15.

To the extent that I understand the Opposition's position, they seem to be saying that we are doing too much too soon, and with too heavy a reliance on spending cuts. There are no risk-free options—it is actually a matter of judgment of the balance of risks—and there is growing evidence that the real risk to recovery is not robust action, but inaction. Anyone who has got into debt could tell us that the longer one leaves the problem, the worse it gets.

We are not going to convince Opposition Members on that point, because they have convinced themselves that Conservative Members take some ideological joy from cutting public services. It is worth putting on the

[Gavin Barwell]

record that that is complete and utter nonsense. I had lymphatic cancer at the age of seven and the NHS saved my life, and I have two children in a state primary school. My constituents want more police officers on their streets, and road maintenance to improve. I have come to this place wanting better public services, but they can be delivered only within a stable financial setting. That is what Conservatives stand for. There is a growing consensus on this point: the Liberal Democrats have shifted their position in the light of recent events in the money markets, and the Governor of the Bank of England, in a press conference on 12 May, said:

"it is very important that measures are taken straight away to demonstrate the seriousness and the credibility of the commitment to dealing with that deficit... I am very pleased that there is a very clear and binding commitment to accelerate the reduction in the deficit over the lifetime of the parliament, and to introduce additional measures this fiscal year to demonstrate the importance of getting to grips with that"—

problem—

"before running the risk of an adverse market reaction."

The G20 communiqué a couple of weeks ago stated:

"Those countries with serious fiscal challenges need to accelerate the pace of consolidation. We welcome the recent announcements by some countries to reduce their deficits in 2010 and strengthen their...frameworks".

On the balance between spending cuts and tax rises, Goldman Sachs published a paper on 14 April that reviewed every major fiscal consolidation since 1975 and concluded:

"we find that decisive budgetary adjustments that have focused on reducing...expenditure have...been successful"

and "typically boosted growth", and that by contrast, those that rely on tax increases

"typically fail to correct...imbalances and are damaging for growth."

The Office for Budget Responsibility forecasts, based on the Budget, to which the Leader of the Opposition referred, show a slight reduction in growth this year and next compared with previous forecasts; but then, forecast growth is actually stronger as a result of the measures the Chancellor announced today.

On public services, there are many public sector employees in my constituency and they will be rightly concerned about what the Chancellor's announcement today will mean for them. I welcome the commitment to protect the NHS, which clearly suffers from inflation above and beyond general inflation in the economy. That protection is well justified. I also believe there is the potential to make cuts without damaging the front line. Lord Myners, the former Financial Services Secretary, said in the other place:

"there is considerable waste in public expenditure. I have seen that in my own experience as a...Minister."—[*Official Report, House of Lords*, 8 June 2010; Vol. 719, c. 625.]

Between 26 May and 2 June, the Institute of Chartered Accountants in England and Wales interviewed a number of its members, over 80% of whom believed that further efficiency savings were possible. I point out to the Treasury Bench that we must look at welfare payments, as the Chancellor said we would, over the next few months, because a 25% reduction in departmental expenditure is a significant target.

Let me say a few words about fairness. We need to protect not just the poorest but those in lower-paid jobs, who all too often are the group targeted whenever money needs to be raised. In that regard, raising the income tax threshold, thereby taking 880,000 people out of income tax, is a fantastic measure from the Liberal Democrat manifesto—but one that all Conservatives, I think, are happy to support. I also welcome the one-year council tax freeze. My own Conservative-controlled local authority will take advantage of it, and we hope that the Treasury Front-Bench team will find the money to extend it for a second year, as promised in the Conservative manifesto. On being progressive, I draw Members' attention to chart A2 on page 67 of the Red Book, which shows that the overall effect of the package of measures announced by the Chancellor is progressive.

Finally, I would like to make a moral point, above and beyond the economic arguments I have tried to advance. Over the past few years, we in this country have been living beyond our means. The current generation is imposing a burden on our children and grandchildren. Above and beyond the economic arguments that will take place on the Floor of the House about that, it is morally objectionable to saddle our children in this way with debts they will spend their entire working lives trying to pay off. Although the measures the Chancellor has announced are tough, he told the truth and struck the right balance. There is a stark contrast between that and the Labour party's complete lack of recognition of the problem, its lack of responsibility and its failure to apologise.

6.9 pm

Jesse Norman (Hereford and South Herefordshire) (Con): I congratulate those who made their maiden speeches today.

I welcome the Budget. It was extraordinarily wide-ranging, fair and far-sighted, and I particularly welcome its measures to support small and medium-sized enterprises and to raise the tax threshold for the very poorest in our society. I cannot discuss this without mentioning the glorious success of the repeal of the cider tax, which will be of enormous value and very welcome to my constituents in Hereford. If I were to add a small codicil to that, it would be a call for us to look, in the next Budget or the comprehensive spending review, at rebalancing duty in the beer and cider industries from the off-trade to the on-trade, so as to create more supervised and responsible drinking by young people.

I share the view that it is astonishing that just four Labour Back Benchers should be present for a Budget debate, but the person whom we really miss is the former Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown). He should be held to account in this House, and he should apologise. Instead, I think that he is sitting in his cave like Ben Gunn in "Treasure Island", composing his memoirs and dreaming of a triumphant return while the world moves on. All over the country, the owners of bargain bookshops are looking forward hungrily to his next volume filling up the remainder bins.

We can guess the theme already—that the right hon. Gentleman and his party were right all along, but I draw the House's attention to an interesting asymmetry. When the British economy was supposedly riding high, the reason was said to be the far-sighted economic

management of the Government. Now it is struggling, it is supposed to be entirely due to forces outside the previous Government's control.

However, the facts tell a different story. We can see that by looking at how the UK was before the crash in 2007-08. Let us not forget that 1997 to 2007 was what the Governor of the Bank of England called the NICE decade—a non-inflationary time of consistent expansion. It was the period when worldwide monetary conditions were extremely favourable, with low interest rates and headline inflation in the major industrial countries generally at post-war lows. That was how the UK economy looked in 1997, as a result of the extraordinary economic inheritance that the last Government received.

Even then, however, economic growth was never as good as the previous Government claimed. Our GDP growth per capita in the period until 2007 was barely better than that of the eurozone countries, which were themselves held back by German unification. It was far worse than in similarly open and mature OECD countries. Australia, Canada, the US and New Zealand—every one of them grew faster over the period 1992 to 2007 than did the UK, and their growth was not concentrated in the period 1992 to 1997, but in the latter decade.

We have all made much of the fact that the former Prime Minister claimed to have abolished boom and bust, but the fact is that he presided over four booms—in Government spending, immigration, house price inflation, and personal debt.

The first of those booms was the massive ramp-up in public spending after 2001, which was financed by a huge counter-cyclical increase in Government debt. In other words, the previous Government were able to run a budget deficit of 3% at a time when the economy was supposedly growing at 3%. If that was how that Government handled the boom time, is it any wonder that we are in such a hole today?

The second boom was in immigration, with as many as 1 million immigrants from Poland coming over in the period 1997 to 2007. They added to GDP, pushed up demand and kept a lid on wage inflation.

The third boom was in house price inflation, with a massive ramping up of house prices and the diversion of personal savings into housing, pushing the savings rate down from 8% in the 1990s to 1.1% in 2007 and clobbering savings as a result.

The final boom was in personal debt, which totalled nearly £1.5 trillion before the crash. In 2007, personal debt for the first time in our history was higher than the country's entire annual economic output, and 80% of that debt was secured on private property. Is it any wonder that the crash, when it came, was so disastrous?

We have noticed that the Opposition have made great claims that this Government do not have a growth strategy—language that is code for an unwillingness on our part to waste public money as the previous Government did. The Opposition's claims are untrue, however. Exercising control over debt and public spending will have a positive effect on growth, in and of itself, as will the proposed reforms to education, local government and transport policy. Of course, there is more to do to flesh out those policies over the next few months.

Matthew Hancock (West Suffolk) (Con): Is my hon. Friend aware that since the announcements in the Budget today, the interest rates charged on medium-term Government debt have already fallen, which adds to a fall that we have seen since the election of a coalition Government who are prepared to deal with our debts?

Jesse Norman: I have been in the Chamber since then, but I thank my hon. Friend very much for that intervention, which brings home the credibility and respect that the Government are already earning in the international capital markets.

The deepest truth is that for all their talk, the previous Government never properly addressed the fundamental drivers of economic growth. Far from it being the case that this Government lack a growth strategy, the previous Government's strategy over the past 13 years was not sufficient to ensure decent economic growth. The four booms that I have described washed through the economy, leaving us without a world-class infrastructure or adequate broadband coverage, but with a legacy of educational underachievement, low productivity and low innovation—nothing like the energy, competitiveness and entrepreneurship that we need.

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): The hon. Gentleman refers to four booms, the first of which was in public investment. Does he think that the public investment that my local authority made—investment that saw new hospitals built, along with 45 new primary schools and 17 new high schools, and which was funded by the Labour Government—was wrong, when Members from his party were supporting it at the time?

Jesse Norman: I absolutely accept that a lot of that public investment was very well taken and important. I would not demur from that at all, but there is a huge difference between building buildings and building schools. It is noticeable that levels of educational achievement have not kept pace with the staggering amount of money that was spent under the previous Government. If we had paid more attention to institutions and standards, we would now have a higher quality educational sector.

The cancelled comprehensive spending review was not a thing of great honour or glory for the previous Government. It is noticeable that the Office for Budget Responsibility has downgraded its long-term growth forecasts for this country from the trend rates that we have supposedly enjoyed historically over the past 20 years. That is to say that, instead of the growth rates we should have expected—rates of 2.25%, 2.5% or perhaps even 2.75%—we are now expecting a long-term growth rate of 2.1%. That is the tangible quantification of the lack of success of the investment over the past 13 years, so let us hear no more of Labour's growth strategy, and let us welcome this Government's willingness—already recognised in the capital markets—to take this massive task in hand.

6.18 pm

Pauline Latham (Mid Derbyshire) (Con): I would like to pass on my congratulations to my right hon. Friend the Chancellor on his prudent emergency Budget, which was so necessary, given the appalling legacy left by Labour. There is one point in particular that I would like to draw to his attention today, although it is about something that will not come into effect until next year, after the proposed rise in VAT. I refer to the listed places of worship grant scheme, which was mentioned in questions earlier and which is due to finish in March

[Pauline Latham]

2011. The grant currently enables all listed places of worship across the UK to claim back 100% of VAT incurred on repairs and maintenance.

The scheme is crucial to those places of worship that already require enormous sums for maintenance and repair, of which there are many in my constituency. Since the grant's introduction in 2001, it has enabled those who look after valuable heritage and community buildings to maintain them for future generations and to ensure that they remain available for use by the whole community. Nationally, £110 million is spent every year on the upkeep of those buildings, and 66% of that sum has to be found by local congregations, the remainder being met by English Heritage's and the Heritage Lottery Fund's joint repair grant scheme for places of worship.

Across the country, more people do unpaid work for Church organisations than for any other organisation. Every month collectively, Church of England churchgoers contribute 23.2 million hours of voluntary service to their local communities. At the same time, Church of England congregations give more than £51.7 million each year to other charities, in addition to the large sums raised for local church work.

More than half a million worshippers subscribe to tax-efficient giving schemes. If the listed places of worship grant scheme is not renewed beyond 2011, congregations will have to find an additional 20% of the total cost of repair works, and the impact on them will be huge. That, coupled with the ending of the transitional rate of gift aid for all charities in 2011, means that next year, churches, chapels and other places of worship will effectively face a major financial double whammy.

Many listed cathedrals and churches already have significant maintenance and development programmes, which will begin once they have raised the money. These programmes tend to be quick start and are labour intensive. Often specialist trades are employed. For example, a £100,000 project in a parish church can produce eight or nine jobs for six to 12 months; a cathedral project of, say, £500,000 produces correspondingly more. In terms of job creation in the hard-pressed building industry, one construction job can maintain or sustain up to eight in support services and suppliers, many of which are the small businesses that the Chancellor wishes to help.

That means that, in terms of job creation, repair programmes are much cheaper, quicker, less bureaucratic and simpler than any Government scheme. In other words, the assistance given by the listed places of worship grant scheme is quick and effective, low cost for the employment result and represents extraordinary value for money for those local communities that benefit from the tourist boost and the civil engagement that churches provide.

I know that the Chancellor and his colleagues have had to make very hard choices this year, but I urge him to consider continuing the scheme after March 2011.

6.21 pm

Mr Dominic Raab (Esher and Walton) (Con): This is a crossroads Budget; it sets not just the terms of the next fiscal year, but the policy direction that will determine Britain's economic competitiveness in the years that lie ahead.

The debt crisis was exacerbated, not created, by the banking crisis. The epic challenge we face today is the result of reckless state spending from 1997. In 1999, the OECD calculated that the British state was spending 38% of the nation's wealth measured by gross domestic product. By 2008, before the crisis and the banking bail-out, it was 48%—an unprecedented rise of 10%. By 2009, as we all know, the state was eating up over 51% of national income. On these OECD figures, the British state spends more than Portugal, Spain and Greece, let alone Germany, and 10% more of our nation's wealth than in the United States, Canada or Australia.

We have witnessed a seismic shift in the balance of our economy, which has blunted our economic competitiveness. On the World Economic Forum international rankings for economic competitiveness, Britain was fourth in 1998; today we are 13th. UK tax competitiveness has dropped from 11th lowest in the world to 23rd. According to *The Economist* rankings, the business environment in Britain has plummeted on its international rankings from seventh to 19th place.

For 13 long years, we were told that all that state spending was really investment, so amidst the shrill cry and synthetic outrage from the Opposition, let us remember precisely what their so-called investments really delivered. Britain has fallen on *The Economist* innovation rankings, we issue fewer patents, and the productivity gap still haunts the British economy, mainly because of the grotesque underlying inefficiencies in the public sector. In 2002, our roads were the 23rd most crowded in the world; today, they are the 17th most crowded, and our car-to-road ratio is up by 23%. Rail usage is up 17% since 2006, but we have almost 1,000 km less track.

Perhaps the greatest failure has been on Labour's own terms. Despite unprecedented spending on schools, UK students, measured at 15, have tumbled down the OECD PISA—programme for international student assessment—rankings: from eighth to 24th in maths, from seventh to 17th in literacy, and by a similar measure in science. If social mobility remains an issue in Britain today, as Alan Milburn's report stated last year, that reflects those basic failings in policy, not spending.

The nail in the coffin of the previous Government's legacy must be this year's finding by the National Equality Panel that, after their 13 years in power, inequality has just become worse. Their experiment failed, the spending spree is over, and now, in this Budget, Britain must face up to the reality of the mess that the previous Government left behind.

The OECD has predicted that this will be the last year in which developed countries account for more than half global output. The international competition has well and truly arrived, yet Europe lags well behind the United States in terms of levels of economic growth, and is ill equipped to rise to the challenge presented by new competition from Asia and Latin America.

David Wright (Telford) (Lab): The hon. Gentleman mentioned the expansion of public spending over the past 13 years. One of the things that public spending does during a recession is blunt—a word that he used—the worst impacts of that recession. Can he cite three projects that he would have cut to provide an economic stimulus at the worst point of the recession?

Mr Raab: I will not mention three specific projects now, although it would be very easy to do a trawl and find far more than three. The previous Government spent billions on quangos, public relations, management and marketing. The basic point, however, is that for far too long the nation has failed to cut its coat according to its cloth, and that must end.

Unless we tackle the legacy of debt that we have been bequeathed by the Labour party, we shall be threatened with high interest rates and even higher taxes, which will mean fewer jobs and fewer opportunities for the next generation. Nor will we reach our economic potential, or keep up with our competitors during the mid-term, unless the weight of taxation and regulation comes down. We must never forget that the economic engine that drives wealth also generates the revenue to pay for our vital public services. This is not a zero-sum game.

While we must act out of necessity, we must also act out of fairness. We should bear in mind that 100% of the contraction in GDP during the recession fell on the private sector. None fell on the public sector, which continued to expand. That is unfair. Median salaries in the public sector are 12% higher than those in the private sector, yet private sector employees work 23% longer hours. That is unfair. In the 11 years up to 2008, the proportion of pensionless employees in the public sector dropped to 16%, while in the private sector it rose to 63%. That too is unfair, and it must change.

This Budget marks the first opportunity for us to change the reckless course of the past 13 years. I commend the Chancellor on his structural reforms, the creation of the Office for Budget Responsibility and the strengthened mandate for the Bank of England, and I welcome his resolve in tackling the deficit. Of course, he is right to cut out the reckless waste in the forthcoming spending review: the billions spent on Government PR and marketing, and the bloated quangocracy. However, I also welcome his resolve in making the tougher decisions today which no one relishes, but the necessity of which must now be beyond doubt. He is right to freeze pay in the public sector and review the structure of pensions. He is right to scale down welfare entitlements that we cannot afford, and which have fuelled a dependency culture that traps too many in a rut that leads nowhere.

Cutting the deficit, however, is only half the answer; we also need a pro-growth Budget. I therefore welcome the cuts in corporation tax and small business rates, and the abolition of national insurance for new jobs created by start-up companies. At last small businesses in this country have a Government who are on their side, not on their backs.

I regret that the legacy of the previous Government has forced us into certain unpalatable choices such as increasing VAT and capital gains tax, and I hope that those measures can be short-lived. Given the global competition, when we protect spending it must be to strengthen our infrastructure or to boost productivity, so I accept that it is right to spare capital spending from further cuts. We must also protect those who are in the greatest need—the most vulnerable. It is absolutely right to lift the lowest paid out of income tax altogether, and to protect public sector workers on salaries of £21,000 or less. The days of tax and spend for the sake of social engineering are, however, well and truly over. The economic costs are too high, the social gains a mirage. So I commend the Chancellor and his team on their first Budget. They must steel themselves with resolve for the long road ahead. Our future economic competitiveness depends upon that.

6.30 pm

Margot James (Stourbridge) (Con): May I congratulate my hon. Friends the Members for Dewsbury (Simon Reevell) and for Bedford (Richard Fuller) on their maiden speeches, and also my hon. Friend the Member for South Northamptonshire (Andrea Leadsom), whose maiden speech, sadly, I missed? I shall have to catch up with it in *Hansard* tomorrow. I also congratulate any other Members who made their maiden speeches this afternoon.

It is said that "You can't make a silk purse out of a sow's ear," but I must congratulate my right hon. Friend the Chancellor of the Exchequer for doing just that. What a sow's ear it was, however. Let me revisit the legacy we have inherited from the Labour party. We are borrowing £1 for every £4 that we spend. National debt is running at £3 billion per week. We have a budget deficit of £155 billion, which is 10% of GDP.

As if these headline statistics are not bad enough, there has also been the corrosive effect of some of the shibboleths that the previous Government instilled in our country. My hon. Friend the Member for Esher and Walton (Mr Raab) has just mentioned the fact that public spending grew at a dramatic rate under the previous Government, from less than 40% in '97 to 48% in 2007. They established the lie that for every social ill—for every problem—there must be a Government solution, and that every Government solution must carry an ever-rising price tag.

The right hon. Member for Birkenhead (Mr Field) has just taken on the dramatic challenge of reducing poverty in our country. He could give a very good answer to the question the hon. Member for Telford (David Wright) asked of the previous speaker about where we might have seen some cuts. The right hon. Gentleman described a situation in his constituency, where children were being sent to school with nothing to eat and having had no breakfast. The Government's response was instantly to set up a breakfast club—paid for from hard-pressed taxes on people on low pay—thereby undermining the parents who struggle alongside other parents who think it acceptable to send their children out of the house in the morning with nothing to eat. That undermines those parents who struggle and who do provide for their children and do bring them up properly. That is just a small example of additional expenditure that is merely undermining family life.

There is nothing progressive about taxing the next generation for our out-of-control consumption. There is nothing progressive about putting our recovery at risk by continuing the borrowing, and the spending that will inevitably result in higher interest rates and higher mortgages and more people out of work, which all of us in this House are—

Toby Perkins (Chesterfield) (Lab): Will the hon. Lady give way?

Margot James: I certainly will.

Toby Perkins: The hon. Lady mentioned higher interest rates and, of course, her party knows all about that because it was under a Conservative Government that

[Toby Perkins]

we had record repossessions and interest rates went up to 15%. Is she aware that interest rates under the Labour Government have been lower than at any other time in history?

Margot James: Interest rates reduced partly, of course, thanks to the excellent management of the economy by the former Chancellor of the Exchequer, now Lord Chancellor and Secretary of State for Justice, and also partly because of our exit from the exchange rate mechanism, which I feel all of us on the Conservative Benches were only too relieved to see at the time.

If I may return to the present day, I was pointing out that there is nothing progressive about some of Labour's policies, and with the interest on our debt heading for £70 billion a year by 2014, we cannot sit here and do nothing. That really is the ultimate hypocrisy given Labour's fiscal plans, of which we are all aware, and which were revealed in the previous Budget. Some £59 billion-worth of spending cuts and tax increases were made public, but where they would hit was never made clear. My right hon. Friend the Secretary of State for Health was able to unearth some of the detail through freedom of information requests. Many trusts throughout the country revealed exactly where those cuts were going to be made. In my area, the West Midlands strategic health authority was going to make them by ordering cuts in front-line services, hospital beds and the number of nurses and doctors. So we in the west midlands were clear about the nature of some of the cuts that were going to be on order had Labour stayed in government.

Given that we are faced with the terrible legacy that I have just outlined, I applaud the Chancellor for his many acts of brilliance in the Budget, which I shall outline, starting with those concerning pensioners. I am connected with groups that represent older people, and have been for many years. I think that the late, great Baroness Castle of Blackburn would have been very pleased to see at last the restoration of the link between pensions and earnings, for which she long campaigned, but she would have been very sad that after 13 years of Labour Government it has taken a Conservative Chancellor, in his first Budget, to bring that sense of hope back to our pensioner community. Indeed, he has gone one step further by introducing the triple lock of ensuring that, whichever is the greatest of the rise in prices, the rise in earnings or the figure of 2.5% will be our tribute to pensioners, as a minimum, year on year.

On the tax proposals, I can say from the bottom of my heart that none of us wants to increase tax. The VAT rise, which I feel is the legacy of the Labour party, is not such a regressive tax according to the Institute for Fiscal Studies, which makes a greater study of these matters than I do, given that the poorer population spends a greater proportion of its income on items that are exempt from VAT. That is a point worth remembering. I am very pleased that the low paid are being taken out of income tax to the tune of 800,000 people a year, and I acknowledge the presence of the Liberal Democrats in our coalition as the authors of a number of these policies. I am delighted that low-paid people are being helped in that way.

I was one of the Conservative Members who were deeply concerned about the prospect of a rise in capital gains tax, and I am very impressed by how the Chancellor has gone about increasing that tax in a way that protects business assets, protects people at the lower rate of income tax and assigns a more modest increase than we were all expecting to those paying tax at the higher rate. We can all be very pleased by the outcome of the concerns that we expressed on that subject.

I was also delighted to see protection built in for capital spending, which has been really slashed in the past 12 months. I have been lobbying on behalf of the hospice in my constituency, which had received approval for capital funding, not all which was funded—that is a familiar refrain. I was delighted to hear last week that it had received approval in full for its funding. I shall meet the Minister for Housing on behalf of Dudley council to press for the completion of funding for new council housing in the Quarry Bank ward of my constituency, which was promised and partially committed to in funding terms. I was very pleased to see that signal in the Budget.

None of us likes freezes and none of us likes the idea that someone living on benefits will receive a cut, but in the current climate it cannot be right that families with an income of up to £80,000 a year benefit from tax credits. I applaud the Chancellor for bringing in limits for housing benefit, which has risen out of control over the past 10 years.

Overall, I welcome the Budget. Despite some of its measures, which we deeply regret having to take, it rebalances the public and private sectors—not before time. The reduction of corporation tax to 24% by 2012 and its reduction to 20% for small and medium-sized enterprises is very welcome indeed. There are many SMEs in my part of the world, so that measure is marvellous. Manufacturing can continue to claim full allowances for depreciation, albeit over a longer period, and that is welcome news for the manufacturing sector.

I welcome the review of public sector pensions. We will see the detail in due course, but the £25 billion cost to the public purse of unfunded public sector pensions is a great worry. There is deep unfairness. The gap between public and private sector pensions is daylight robbery from people struggling on lower-paid jobs in the private sector. It must be righted. I was horrified to hear the general secretary of Unison say that the Government

"won't know what has hit them"

if they attempt pension reforms. That bullying defence of vested interests flies in the face of the fairer society that, through the Budget, we are trying to build.

Coming from the west midlands, I warmly welcome the commitment to tax incentives for employment outside London and the south-east. That rebalancing of our economy is long overdue.

The best way to support the crucial public services that we all want—on both sides of the House—is to put them on a sound financial footing, something the previous Government so miserably failed to do. It falls to us to put that vision into practice.

6.42 pm

Steve Baker (Wycombe) (Con): When I came to the House today, I expected to hear a great deal of Keynesian argument and I have not been disappointed. I am sorry that the hon. Member for Great Grimsby (Austin Mitchell)

is no longer in the Chamber, as I wanted to congratulate him on his comprehensive grasp of Keynesian arguments. Unfortunately, it was also excruciating.

I am told that Keynes thought that the safe upper limit for the size of the state was 25% of national income. He might have halved the size of Government, so we can applaud the Budget as extremely moderate and thoughtful.

I have to tell those who propose deficit spending that it is inherently unsustainable. When Governments spend with a deficit they are bound to inject funds in a particular location in the economy and that is bound to create a pattern of economic activity that can be sustained only with deficit spending. We all accept that deficit spending cannot go on for ever. As one of my hon. Friends explained earlier this week, last year we were able to borrow only because we created a hole in the market for bonds using quantitative easing. That is so dangerous. In the past the world has seen the effects of printing money to pay off Government deficits, and I would dread to think that this country should live through such a circumstance.

I am reminded of some words published in 1945:

"I see now more clearly than ever before that even our greatest troubles spring from something that is as admirable and sound as it is dangerous—from our impatience to better the lot of our fellows."

That is a quotation from Karl Popper, who is an interesting philosopher because, like his contemporary, Friedrich Hayek, he was a socialist until he understood where that philosophy went.

I am interested in the general well-being, particularly as Wycombe has not only great wealth but significant poverty and income levels everywhere in between. We must take seriously the realities that we face. I am glad that the Budget has included an announcement that there will be a review of pensions, and I should like to speak on that. I am grateful to my hon. Friend the Member for Stourbridge (Margot James) for having brought up the subject.

The Institute of Economic Affairs published a paper called, "A Bankruptcy Foretold", in which it explains that the Government use cash-basis accounting, whereas any commercial firm would use an accrual basis. Our accrued pension liabilities are therefore not on the Government's balance sheet. If they were, at April 2010, the true public liability would be £4,771 billion. The Office for National Statistics has suggested that the banks' full liabilities should be included in the public liability. That would make it £6.3 trillion. Those numbers are preposterous.

I should like to break down the last number, because it is so preposterous: first, the official debt, £772 billion; the cost of financial interventions, £73 billion; the current accrued public sector pension liabilities, £1,179 billion; liabilities to current pensioners, £1,120 billion; and the liabilities for future basic state pensions, £1,211—I am nearly there—and future additional pensions, £467 billion. Somewhat laughably, we can deduct from that catalogue of disastrous numbers the national insurance fund balance of a staggering £51 billion.

Those numbers have a profound implication, not for this year or the Parliament, but for the next 10 to 20 years. If we are serious about the general well-being, public sector pensions, the state pension and those vulnerable people who will rely on all those things—I include members of the armed forces currently serving us—we will need to think today about how we will fund those pension liabilities. I am glad that there will be a review of this subject and that one of the right hon. Members who sits on the Opposition Benches will head that review.

I should like to turn to our economic future in the international context. The Bank for International Settlements published a paper—working paper 300, which I recommend to hon. Members—that considers the future of public debts, the prospects and implications. In my hand, I have a set of graphs that show the public debt for western European nations, plus Japan and the United States, disappearing exponentially. Hundreds of per cent. of GDP are owed by the nations of the western world, including Europe and Japan. The situation is dire. By 2040, our largely age-related debt is projected to be five times GDP. By 2040, our interest payments would be more than a quarter of GDP. I do not know about the rest of the House, but I do not believe that we will ever get there. Long before interest payments reach 25% of GDP, we will have a social catastrophe. We cannot allow that to happen.

Perhaps bond investors with short time horizons of days and weeks will continue to put their faith in the nation's ability to repay, and perhaps they will not demand higher interest rates. Perhaps, as some people suggest, debt can be inflated away, but let us not forget that we are talking about index-linked debts; we are talking about pension obligations.

The Bank for International Settlements set out a different view. It pointed out that the path of growth pre-crisis was insufficient to pay those liabilities, but that now our prospects are worse. It pointed out that financial restraint historically has only stabilised the debt, without substantially reducing it. It also pointed out that swings from deficits to surpluses have been historically accompanied by falling interest rates and rising growth. I think that we can rule out the former, and at the moment it seems that our growth prospects are modest.

The Bank for International Settlements explains that it is ultimately not possible to roll over ever higher Government debts and that sooner or later debts are monetised, leading to inflation. It explains that that inflation may or may not be controllable. Perhaps there will be future political pressure to inflate away the debt but, of course, expectations of inflation automatically increase interest rates. In any event, inflation is a poison that hits pensioners, savers, and those on low and fixed incomes hardest. As I said, my concern is the general well-being.

We cannot afford further to distort the structure of our economy with inflation, so what is to be done? It seems that we are at the limits of taxation. We cannot borrow our way out of the problem and nor can we inflate our way out of it. We might well be impatient to better the lot of our fellows, but past impatience to better their lot has created huge liabilities that future taxpayers will have difficulty paying. If Members on both sides of the House are serious about building a better society, we have no choice but to reform radically the size, scope and role of the state. We must urgently see to it that our pension liabilities are funded and that public sector pensions are reformed. I congratulate the

[Steve Baker]

Chancellor on an emergency Budget that makes a strong, moderate and reasonable start at dealing with the serious problems that face us not just today, but in the decades ahead.

6.51 pm

Chris Heaton-Harris (Daventry) (Con): I am grateful for the opportunity to say that I am winding up for the Government side of the House in today's debate. I shall certainly put that in my press release, and I am sure that the *Daventry Express* will print it word for word.

The emergency Budget was unavoidable because the previous Government's handling of the UK economy simply failed. Labour did not understand what every business and family throughout the country knows: if money is borrowed, it must be repaid or trouble will come; and it is best for people to live within their means. My constituents and I struggle to comprehend the size of the problem that the Budget sets out to fix. Every minute that passes, the Government spend £80,000 on debt interest, so £800 million a week is spent just servicing our debt. The money that is used for interest payments cannot be spent on things such as education, health, defence or poverty eradication in Sefton.

It was pleasing that today's measures were at least announced against the backdrop of growth in the economy, which is in spite of, not because of, the previous Government. I have been surprised to hear that Labour Members do not understand that every penny spent by the public sector was initially raised by the private sector.

Stewart Hosie: Will the hon. Gentleman explain what happens to public sector employees' tax? Where does that go in this pot?

Chris Heaton-Harris: It certainly contributes to tax income, but if we were to rely on only the public sector, an ever diminishing circle of tax income would come into the Exchequer and, in the end, we would not be able to pay for anything.

The way out of this mess is undoubtedly to boost and revitalise the private sector, so I welcomed the announcements in the Budget on regional job creation and the measures to cut waste and unaffordable cost from the public sector. That is exactly what our European partners and competitors are doing. Jean-Claude Trichet, the president of the European Central Bank, told the European Parliament—my old place of work—that firm control of Government spending and tax policies is essential to restore the confidence of households, businesses and investors. He said:

"We are in a situation where a lack of confidence is operating against recovery. A budget policy which you"

if he were addressing the House, I assume that he would mean Labour Members—

"might describe as restrictive from a certain point of view is in fact a policy which we would call confidence building."

He went on to say that if public finances continue along an unsustainable path,

"households are going to be frightened. They will not spend or consume as much, companies will not prepare for the future and investors will know they are going to have difficulty getting a return."

Those investors have choices: they do not have to choose the United Kingdom or, indeed, Europe, as other markets are becoming increasingly attractive. France and Germany—in fact, nearly all our major competitors—have taken tough measures to sort out their public finances, and make their economies strong and attractive to future investors. We would weaken the chances of prosperity for our children if we did not do the same.

As the Chancellor noted, we need to increase the incentives to work. Welfare costs under the Labour Government rose by nearly 40 per cent., but there are still more than 5 million people on out-of-work benefits. Youth unemployment is a massive problem—1.4 million people under 25 are unemployed—and Labour's spending to alleviate poverty failed, and has fractured society. Many people thought that the previous Government built barriers based on welfare payments that disincentivised individuals from finding a job. At the same time, those who are working pay more in tax, but why should they work hard to do the right things for themselves, their communities and their families when people who choose not to do so seemingly have everything that they do? It is a terrible disincentive.

I am a bit of a supply-side economist. I do not like tax rises, but anyone who looks at our structural deficit will understand that we need to remove as much of it as we can as quickly as possible. I will swallow my pride on the capital gains tax rise, but I note that it is a voluntary tax—people can sit on their hands and not realise the value of their shares, their property or whatever it might be. I certainly welcome the cuts in corporation tax, but I accept that the cuts in departmental budgets will be tough. I suggest that there is a great deal of waste to remove, especially from middle and upper management in some Departments. I recently received a letter from a constituent who works for the Vehicle and Operator Services Agency, who said that the directors, who were all based in the Bristol headquarters, travelled to Edinburgh for meetings, for no reason other than that it was a nice place to go.

Toby Perkins: The hon. Gentleman is raising an issue that many of his colleagues have raised, and said that somehow under a Labour Government there was profligate, wasteful spending that could easily be tidied up—*[Interruption.]* They all agree, and I am glad to hear it. Why, therefore, have the Government cut not that wasteful spending but the future jobs fund, thus pulling the rug from under the economic recovery? Why has the Sheffield Forgemasters loan been cut? Why do they not cut this waste, rather than all the things that will hit the poorest people most?

Chris Heaton-Harris: If only we had the money to spend on some of those projects, it would be wonderful but, unfortunately, your party spent it all. If you live in Northamptonshire, you can see areas—

Mr Deputy Speaker (Mr Lindsay Hoyle) *rose*—

Chris Heaton-Harris: I should have said the hon. Gentleman's party.

Mr Deputy Speaker: Thank you for that. We have to make sure that we are in order.

Chris Heaton-Harris: I apologise, Mr Deputy Speaker. I am new to the conventions of the House.

People who live in Northamptonshire see some parts of government where costs could be removed. Something that I hope will be looked at in the spending review is the cost of quangocracy. I am not against all quangos—some do a good job—but the money spent and the powers wielded by many non-departmental public bodies could, and should, reside with locally elected officials. The budget for those bodies in 2009 was a massive £46.5 billion, although the TaxPayers Alliance pitches the figure a bit higher.

To give a quick example, someone who lives in Daventry in my constituency has a good district council and a county council, but they also have the west Northamptonshire joint planning unit, which tries to impose housing plans and which, as my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) outlined, local people absolutely do not want. They also have the West Northamptonshire Development Corporation—there is also a North Northamptonshire Development Corporation—the East Midlands Development Agency and the Government office for the east midlands. All those quangos do roughly the same thing, so I very much welcome the announcement in the Budget—on page 31 of the Red Book—of local enterprise partnerships, which could lead to excellent consolidation in that field.

One quango that I would very much like to see examined is the National Policing Improvement Agency. Set up in 2007, it now has a budget of more than £500 million. I suggest that those who, like me, are facing cuts in their local police forces, look at the report on that agency, because it is not worth the money.

I certainly welcome the measures on encouraging small businesses—

7 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed tomorrow.

PETITION

Fuel Duty Regulator

7 pm

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): I have a petition from my constituent Erica MacDonald of the Isle of Lewis, who has raised her concerns about the effects of disproportionate petrol and diesel costs under successive Governments.

The petition states:

To the House of Commons, the petition of Erica MacDonald on behalf of the consumers of fuel in the Outer Hebrides.

Declares that the people of the Outer Hebrides are economically disadvantaged by the universal road fuel taxation programme and that taxing families and businesses in the rural economy of Na-h-Eileanan an Iar at the same rate as businesses and families in the urban economies of Edinburgh or London is economically unsound and damaging to the economy.

The Petitioners therefore request that the House of Commons urge the Government to introduce a fuel duty regulator—

a rural fuel duty derogation—

in the Emergency Budget with a view to reducing the tax burden on a fragile rural economy.

And the Petitioners remain, etc.

[P000837]

Health Protection Agency (Porton)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

7.1 pm

John Glen (Salisbury) (Con): Thank you, Mr Deputy Speaker, for the opportunity to bring the issue of Porton Down's future to the House this evening.

My purpose in requesting this debate is to highlight the critical role that the Centre for Emergency Preparedness and Response plays in the life of this country, and to raise the question whether the current outline business case that the chief executive and board of the Health Protection Agency have put before the Department of Health to move the CEPR to a site in Harlow is right for the country's public health needs and right for many of my constituents who work at Porton.

First, it may interest colleagues to know that Porton Down came into being almost 100 years ago, as a response to the horrific chlorine attacks on allied soldiers during the first world war. The institution has been active and working for almost 100 years. It was a chemicals research centre in 1916. In 1930 it became the Chemical Defence Experimental Station, and in 1940 it began looking at biological warfare and carrying out experimental investigations into anthrax.

The current CEPR building was built between 1948 and 1951 and named the microbiological research department. Thirty years later it became the Public Health Laboratory, and subsequently it split from the Ministry of Defence facility at Porton Down, now the Defence Science and Technology Laboratory, which is co-located next door.

In 1993 Porton became an independent agency of the Department of Health, and in 2003 it became one of the founder establishments of the Health Protection Agency, being renamed the Centre for Emergency Preparedness and Response. Now co-located on site with DSTL, it is treated as one site by the Health and Safety Executive. DSTL provides a back up of containment level 4 laboratories for the highest microbiological risks. The work at Porton is complex, involving the study of dangerous pathogens of humans, animals and plants. They can be a major threat to public health and include anthrax, swine flu and foot and mouth.

Porton is a world leader for examining diseases that spread rapidly: for example, insect-borne diseases such as West Nile fever and malaria spreading to new areas. It is a world-class centre for translational research that helps to ensure that new discoveries are developed and translated from the mind of the scientist into real benefits of tested medicines for patients. It routinely works with partners to develop tuberculosis vaccines and vaccines for whooping cough, meningitis and anthrax. Porton has the biggest TB group in Europe. It also has an aerosol delivery function using specialist equipment.

The CEPR is routinely asked to do work by the US Government, as it is one of very few centres in the world with the capability and experienced staff to carry out that work. Through its work, Porton manufactures Erwinase, a drug developed there for the treatment of childhood leukaemia, estimated to save 1,400 lives annually. It has the rare capability to manufacture emergency vaccine in response to emerging disease threats. Porton receives a massive amount of its funding—between 70% and 80%—from the work that it does for academia and Governments overseas.

I wish to make the point that the CEPR at Porton Down has been very long established in my constituency, and it does critical work that is vital to this nation and to the world. However, I am a reasonable man, and if I felt that the proposed move was in the best public interests of the country as a whole, I would have to concede reluctantly and accept the proposals that have been tabled. I do not believe that that is the case.

On the day when my right hon. Friend the Chancellor has indicated that future capital spending should be prioritised on those items of expenditure that give "significant economic returns", and at a time when £1 in every £4 is being borrowed, why has the option of allowing more operational autonomy for the CEPR not been examined carefully? It is my contention that the best way to maintain excellent service for the public health needs of the country, while achieving cost-effective solutions, is not to spend the estimated £400 million on a move to Harlow when the financial benefits set out in the outline business case would accrue after 60 years. I believe that a cheaper solution exists, whereby the risks of investment can be shared with a new co-operative led by experienced Porton-based scientists who are keen to take on the challenge of building new revenue streams from the US Government and academia while maintaining their vital commitments as an HPA establishment.

Let me move on to the background behind the outline business case proposing a move to Harlow. In 2008, the previous Government announced a major funding initiative—Project Chrysalis, a rebuilding programme to update the facilities at Porton, which was, I acknowledge, much required. Then, in October 2009, out of the blue, a proposal for Terlings Park in Harlow emerged as a option. Then, in January 2010, a new preferred option emerged—the GlaxoSmithKline New Frontiers site in Harlow. Now, the outline business case is being pushed through.

Project Chrysalis has already spent about £10 million on the plans for the rebuild at Porton Down on an site adjacent to the current one. It has been ongoing, assessed and developed over two years. The move to the GSK site in Harlow has been considered only since January this year, and it is thought that the project team is still undertaking assessment of the site. There is therefore significant cause for concern that insufficient information is available to substantiate a compelling business case to make this decision. The £85 million that was budgeted for the moving costs has not been fully scrutinised, and it is likely significantly to understate the true costs of the work required. The GSK site currently undertakes neuroscience research, and the laboratories are mainly chemistry-type labs that are not suitable for easy conversion to the sort of work that is undertaken at the CEPR. At so many levels, the move does not make sense.

Some questions need to be asked about the proposed move to Harlow. As there is to be a break of synergy with the DSTL, which is immediately adjacent to the CEPR at Porton, will it be acknowledged that the new CL4 lab in Harlow, which is to be the same size as the one formerly proposed for the new build at Porton, will cost more in reality? There will be no benefits from having a similar lab next door, as we do at Porton, because there will be nothing next door. What costing and risk assessment has been undertaken with respect

to the travel arrangements between Porton and the densely populated town of Harlow?

Has the planning process to allow the construction of such sensitive facilities, where such difficult work is undertaken, been examined? During any proposed transition, staff will need to be trained on both sites in both CL4 labs to ensure that there is no interruption during a national emergency. How will that be achieved initially and kept workable if the CEPR is in Harlow, when I am told that up to 80% of the experienced scientists do not want to move? Has a skills availability assessment been made as part of the outline business case?

What functional dependencies exist with other agencies of the HPA? It is my contention that although their technologies may be similar, the functions of the different HPA agencies are very different. Does the outline business case set out explicitly the financial business case for the co-location of the different agencies of the HPA? The head of the CEPR has said to me that the detailed synergies have not been worked out yet, but it seems that the logic for the business case relies on the notion that all the HPA agencies can be brought together at some time in the future. He also said that potential synergies would be looked for, but they have not been established yet. At a time when every penny counts and the health budget is facing severe pressure, why should we back a move in relation to which the co-location potential and synergies will be "looked for"? Furthermore, if co-location is such a panacea for the operational effectiveness of the HPA, can it be confirmed whether the costs of moving the other HPA agencies from Chilton and Colindale to Harlow have been worked out? When are those moves likely to take place?

Having visited Porton, I am unsure of what overlap there really is. There is the possibility of some animal facilities being shared with the National Institute for Biological Standards and Control, and that some microbiology labs may also be shared. However, any sharing is not really possible, and money cannot be saved, until all agencies are on the same site, and there are no plans in sight for that to happen. Currently, the plans are therefore notional, uncosted and unproven. If the proposed move goes ahead, it will break up translational research—that is, scientists taking stuff from the desk to tested medicine. Manufacturing will remain at Porton, but the key translational function will be lost.

It remains my contention that the proposed Harlow move has not been properly thought through. The benefits of co-location had not been mentioned before the first Harlow site came on the scene, so opportunistic were the uncosted arguments for co-location. The well-intentioned arguments to move the Porton Down facility to Harlow have not taken into account the opportunity that exists for Porton to generate its own income and increase its own revenue. That should be explored before the Government back a move to Harlow, which would be expensive, is unproven and would put at risk the unique, world-class facility that we have been operating successfully at Porton.

The CEPR has its own funding stream from royalties from various vaccines, and it is almost self-sufficient. To upgrade its facilities, it would need help only with capital costs, which it could repay if given the operational freedoms that I have suggested. It has unique synergies with the defence establishment next door. Eighty per cent. of the work force would not like to move. It is important when working in those high containment laboratories to have experienced staff—their combined experience stretches back over many hundreds of years. If those people will not move, the challenge to the public health of this country is significant, putting it at risk.

7.15 pm

Robert Halfon (Harlow) (Con): I thank my hon. Friend the Member for Salisbury (John Glen) for being utterly decent in giving me a couple of minutes to respond, given our conflicting constituency interests. It is much appreciated.

Mr. Deputy Speaker, you would expect me to seek investment in Harlow—I am the local Member of Parliament. However, that view is not just mine; it is also that of the Health Protection Agency. Its board concluded that, for pure cost-effectiveness and value for money, the HPA must move to Harlow. The foreword to its "Outline Business Case" states:

> "Relocating to Harlow is the preferred option. It offers excellent value for money. In addition to significant savings, and reduction of overheads, there are major benefits."

What are the facts? We know that the 50-year-old site in Porton Down is rapidly approaching the end of its life and that it would be expensive to refurbish—it would cost almost the same as buying the GSK facility, and offers little strategic value. We know that the option of staying at Porton Down was fully considered in the business case and rejected on the ground of poor value for money. We know that GSK will sell its Harlow facility to the HPA for 30% cheaper than the construction cost, so moving to Harlow is a bargain for the taxpayer. We also know that there are strategic benefits for the HPA in Harlow—the London-Cambridge corridor is the heart of biomedical research in the UK. Moving closer to its north London facilities will ultimately save HPA money because it can substantially reduce its overheads. Moving to Harlow would increase the HPA's capacity. The economic benefits have been assessed as "in excess of £100 billion" over the lifetime of the new site.

For the record, I must say that GlaxoSmithKline is a huge local employer in Harlow, and that it recently announced up to 1,000 redundancies. Unemployment in my town is already the highest in west Essex. Sadly, some estates in Harlow are among the most deprived in Britain, but the investment would transform economic prospects in Harlow.

The 50-year-old site in Porton Down is too expensive to repair. We have a good deal in Harlow, and we must take it. The huge regeneration that it would bring to the town is desperately needed, but I urge my hon. Friend the Under-Secretary of State for Health to base the decision primarily on the business case and value for money.

7.17 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): I congratulate you, Mr. Deputy Speaker—I do not think I have stood at the Dispatch Box with you in the Chair, so it is a pleasure to be here this evening.

I congratulate my hon. Friend the Member for Salisbury (John Glen) on securing his first debate. I also congratulate him on securing his seat, and thank him for continuing

[Anne Milton]

the work of his predecessor, who also argued passionately on behalf of the establishments at Porton Down. He is sadly missed in this place. My hon. Friend has taken up the cause and pursued it with similar vigour. I am grateful to him for his correspondence on the matter and for sharing some of the issues that he mentioned this evening, including planning, relocating staff, skills availability, costs and the detailed synergies.

I also thank my hon. Friend the Member for Harlow (Robert Halfon). Oh my, the difficulties of government. In time, I will upset one hon. Friend and please the other.

As my hon. Friend the Member for Salisbury knows, the issue came before the House just a few months ago, when he was still a candidate and I was an Opposition Member. How times have changed. Our roles have substantially changed since then, and I am grateful for the opportunity to set out the Government's position. For the benefit of Members present, I will set out the situation as it stands before responding to my hon. Friend's points in detail.

As my hon. Friend pointed out, the history of chemical and biological research at Porton Down is long. Throughout many changes in name and number, the centres continued to provide research and production programmes of the highest international quality. Today's debate concerns the future of the Health Protection Agency's facilities at the Centre for Emergency Preparedness and Response. The centre is a specialist facility providing protection against some of the most dangerous organisms in the world. From identification to containment, and from research to production, it fulfils a critical national security function, as well as providing valuable expertise internationally.

As the world of microbiology has grown, so the centre's responsibilities have also expanded, yet its current home says more about its past than its future. The site is 60 years old, the building structures are in a poor state of repair and the laboratories clearly do not meet modern safety standards, so something must be done. The centre's work is vital to protect the nation's health, and it is important that the facilities at Porton Down are fit for purpose not just over the next Parliament, but over the next dozen years or so. That is why it is so important that we make the right decision about the centre's redevelopment. I appreciate that both my hon. Friends believe they have the right solution to the problem of the centre's location.

I understand that in September 2008, the Department of Health authorised the HPA to develop an outline business case for the improvement of the laboratory facilities, a process known as Project Chrysalis. That case was submitted to the Department on 4 June 2010, and the Government have not made a decision on it. As I am sure my hon. Friend the Member for Salisbury will appreciate, a proposal with so many implications—not least cost, safety and security—must be thoroughly scrutinised. His concern that that will not be the case is probably the basis for this debate. Officials at the Department are considering the business case and will make a recommendation to Ministers as soon as possible. Provided that we are content, the business case will then be passed to the Treasury, where it will be subject to further scrutiny before final sign-off by the Chief Secretary.

My hon. Friend raised concerns about the way the business case is considered. For his benefit and that of my hon. Friend the Member for Harlow, let me be clear that the Department of Health's assessment of the business case will be rigorous, fair and grounded in this simple set of principles: first, that redevelopment is necessary to protect this critical national infrastructure, and to allow it to provide an even better service to the country and its international customers; secondly, that all options must be examined on the basis of cost, value, safety, security, sustainability and strategy; and thirdly, that our assessment must be forensic in its analysis, unprejudiced in its conduct and unbiased in its conclusions. That means looking closely at the risks and benefits, and at the selection criteria. It also means checking that the proposals are affordable and sustainable and that they represent real value for money, and that the investment fits with the organisation's long-term strategic aims. We are pressing to ensure that every consideration, particularly cost, is taken into account. There is an explicit requirement that the successful proposal must represent value for money, even when weighted for the various external factors such as relocation, staffing and business opportunities, which both my hon. Friends mentioned.

I understand that the business case also includes details of the possible effects on the work force, including the cost and security impact of any relocation. The impact of any disruption to the centre's work, whether financial or operational, will also be taken into account, as it must be. At each stage of the assessment process, the HPA will provide any data or analysis that might be helpful in reaching a decision.

My hon. Friend the Member for Salisbury mentioned other options, including splitting the Centre for Emergency Preparedness from the HPA to create a co-operative at Porton Down. I thank him for his suggestions, and I trust he will be reassured by this debate and our correspondence on the matter that we remain open to new ideas. I hope he will acknowledge, however, that any decision about the future of the facilities must be taken with the national interest in mind. The issues facing the HPA at Porton Down will be solved not by simply changing ownership or management, but by a significant redevelopment of the existing site, or a move to a more suitable location.

The work that the centre does is vital to protect the nation's health, but my hon. Friend rightly stated that it is vital across the world as well. It is in all our interests that we arrive at the right decision, which means taking the time properly to assess the business case put forward, and exposing it to detailed scrutiny. It also means being unafraid to listen to new ideas. As he said, every penny counts, so close scrutiny and robust analysis of the business case will be vital. I ask my hon. Friends the Members for Salisbury and for Harlow to have a little faith. The Government will take every precaution to make sure that the future of this work is secured, and we will look closely at every reasonable consideration before reaching a decision that is right for the centre and the nation.

Question put and agreed to.

7.26 pm

House adjourned.

House of Commons

Wednesday 23 June 2010

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES BILL [LORDS]

Ordered,

That the promoters of the London Local Authorities Bill [Lords], which was originally introduced in the House of Lords in Session 2007–08 on 22 January 2008, may have leave to proceed with the Bill in the current Session according to the provisions of Standing Order 188B (Revival of bills).—*(The First Deputy Chairman of Ways and Means.)*

Oral Answers to Questions

WALES

The Secretary of State was asked—

Business Relocation

1. **Jonathan Evans** (Cardiff North) (Con): What recent discussions she has had with ministerial colleagues on encouraging the relocation of businesses to Wales. [3032]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): Before I answer my hon. Friend, I am sure that the House will want to join my right hon. Friend and me in expressing condolences to the family of the right hon. Lord Walker of Worcester, whose death at the age of 78 was announced earlier this morning. A distinguished Member of the other place and a former Secretary of State for Wales, he was a good friend to the Welsh people.

My right hon. Friend the Secretary of State and I are committed to attracting more inward investment to Wales, as we believe it will be a key driver for future economic growth.

Jonathan Evans: First, may I associate myself with what my hon. Friend said about Lord Walker? May I also take the opportunity to welcome my hon. Friend the Under-Secretary and my right hon. Friend the Secretary of State to their new responsibilities and to wish them well in the challenges that lie ahead?

Given the recognition even by the First Minister both in an interview on "The Andrew Marr Show" and during the Welsh Labour conference this year that there are not enough private sector jobs in Wales, does my hon. Friend agree that success depends on driving up private sector jobs in the Principality in the future?

Mr Jones: Yes, my hon. Friend is entirely right. The private sector is the key to future growth in Wales, which is why yesterday's Budget announced a major package of corporation tax reform that is aimed at making Britain—and, of course, Wales—one of the most competitive parts of the G20. In particular, the exemption of up to £5,000 of employer national insurance contributions for each of the first 10 employees, which applies outside London and the south-east, will be of benefit to Wales.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): May I associate myself with the condolences expressed to the family of the late Lord Walker and also congratulate the right hon. Lady and the hon. Gentleman on their appointment to their posts?

Yesterday, there was a recognition by the Government of the need to grow economies outside the south-east of England. We have argued long and hard about the overheating of the south-east and its cost to the north of England and Wales. Will the Minister consider the idea of either regionalising corporation tax according to gross value added or devolving it altogether to the Welsh Assembly so that the needs of business can be met and real support provided for it?

Mr Jones: I am glad to hear that the hon. Gentleman welcomes the announcements in yesterday's Budget. The announcement of the exemption of up to £5,000 of national insurance contributions for new employment outside London and the south-east will certainly be of benefit; to that extent, it is a major departure, which I am sure that the entire House will welcome.

Mr Llwyd: May I press the hon. Gentleman on the question of corporation tax? Does he have any problem with that? At the end of the day, it is his Government's policy in the north of Ireland, so why does it not apply to Wales?

Mr Jones: I am sure that the hon. Gentleman will welcome yesterday's announcements. There is no plan to regionalise corporation tax further in the United Kingdom, but I am sure that yesterday's announcements will offer a major boost to the Welsh economy.

National Assembly for Wales

2. **Philip Davies** (Shipley) (Con): What recent discussions she has had with the First Minister on the proposed referendum on the law-making powers of the National Assembly for Wales. [3033]

8. **Mr Andrew Turner** (Isle of Wight) (Con): What recent discussions she has had with the First Minister on the proposed referendum on law-making powers of the National Assembly for Wales. [3040]

The Secretary of State for Wales (Mrs Cheryl Gillan): May I also echo the words of my hon. Friend in recognising the tremendous work that the right hon. Lord Walker of Worcester did in this House as one of my predecessors as Secretary of State for Wales from 1987 to 1990? I am sure that all our thoughts are with his family at this sad time.

I have had regular discussions with the First Minister on the proposed referendum on the law-making powers of the National Assembly for Wales.

Philip Davies: Given that so few people in Wales actively voted for the National Assembly in the first place, will my right hon. Friend consider having a turnout threshold for any referendum on whether to give the Assembly more powers so that at least a respectable number of people vote before we make any constitutional changes?

Mrs Gillan: I do not know whether my hon. Friend is aware of it, but there was a threshold of 40% for the previous referendum. I am afraid to tell the House, however, that I am bound by the Government of Wales Act 2006, in accordance with which there is no threshold, but a simple majority. It is therefore important, I believe, that the electorate in Wales uses its right to vote on an important issue. I hope that when the referendum is run, they will turn out in numbers.

Mr Andrew Turner: What progress has the Secretary of State made on the question for the referendum?

Mrs Gillan: No work was done in the Department on the question prior to the general election. I am pleased to tell the House, however, that the project board has produced a question and a preceding statement for the referendum on law-making powers for the National Assembly for Wales, and I am sending it today to the Electoral Commission for the 10 weeks that it needs to carry out its work in proving that question. In the short time I have been in the office, I think I have achieved more than my predecessor did in the time from 17 February, when notice was given to him that a referendum was required.

Paul Murphy (Torfaen) (Lab): May I congratulate the right hon. Lady on her new job? Despite what the London commentariat say, it is a very important job indeed. She will know that, during any referendum, the question of Members of Parliament from Wales will be an issue. Will she confirm that she agrees with her previous statement that there should be 40 Welsh MPs?

Mrs Gillan: I thank the right hon. Gentleman for his warm welcome. When I dealt with him from the other side of the Dispatch Box, I always found that his courtesy was unfailing. He refers to the potential boundary changes and the reduction of the number of MPs—I am sure that no one outside the House will be arguing for more highly paid politicians. However, I take very seriously the representation of Wales in the House, and nothing will be done in reducing the number of MPs that will disproportionately affect the share of voice that Wales has in the House and at Government levels.

Susan Elan Jones (Clwyd South) (Lab): Would the Secretary of State like to campaign for a yes vote in the referendum, or will she consult the electorate of Buckinghamshire first?

Mrs Gillan: I am very proud to be the first woman to occupy the position of Secretary of State for Wales, and I was born and brought up in Wales. It is singularly important that the people of Wales decide on the referendum and the outcome, and I will campaign for neither a no vote nor a yes vote. I and my Minister will remain neutral, which is the proper thing to do. The hon. Lady needs to familiarise herself with her own party, as I believe that there are split views in the Labour party as well.

Mr Mark Williams (Ceredigion) (LD): The Secretary of State will be aware that some of us on these Benches will campaign with great enthusiasm for the referendum, and were disappointed that the referendum that we hoped for in October did not come about. Does she think the fact that it did not occur reflects on the inactivity of the previous Government? Furthermore, in welcoming her news about the question, may I ask whether the Government will make a speedy commitment to a referendum in the spring of next year?

Mrs Gillan: I thank my hon. Friend for that question. As we said in the coalition agreement, and as I said before the election, I am determined to allow the people of Wales to decide in a referendum. It is only polite to accede to the request of the Assembly, which, after all, voted unanimously for a referendum, and I am sad that the previous Secretary of State commenced no work on the question and confined himself to work on the order that we will eventually lay before the House. I am pleased to confirm that I am sending the preamble and question to the Electoral Commission.

Mr Speaker: May I just gently ask the Secretary of State to face the House rather than having her back to the Chair? That would be very helpful.

Mr Peter Hain (Neath) (Lab): May I join in the commiserations to Lord Walker's family on his death?

May I congratulate the right hon. Lady, especially on being the first woman Secretary of State for Wales? However, as accounts given to the media have traduced the truth, I must ask whether she is aware that as Secretary of State, on Monday 10 May, in the Wales Office, I specifically asked and received an assurance from senior officials that work I had put in train months before would have enabled a referendum to be staged this October. Before she answers, may I remind her that whatever she has been saying to the media, she must not mislead this House, especially as she will not have seen the official papers detailing my preparations for the referendum?

Mrs Gillan: I thank the shadow Secretary of State for his welcome. I cannot comment on the advice received by the former Administration; however, I do have access to documents that have indicated to me that no work was done on the question before the general election. If the right hon. Gentleman wishes to have a discussion with me about the matter, he is quite able to do so, but no work was done by the Department. The only work carried out was on the order that was to be laid before the House. This was the first question that I asked when I walked into the Department.

Independent Commission on Funding and Finance for Wales

3. **Roger Williams** (Brecon and Radnorshire) (LD): What recent discussions she has had with the Chancellor of the Exchequer on the findings of the Independent Commission on Funding and Finance for Wales. [3034]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State has discussed the issue of funding for Wales with the Chief Secretary to the Treasury, and also met the hon. Gentleman last week to discuss the subject. I hope that the hon. Gentleman found that helpful.

Roger Williams: I welcome the Minister and the Secretary of State to their posts.

Notwithstanding the review that has been promised after a successful referendum, there is clear and understandable concern about the difficulties that will be faced in Wales because of the necessary measures being taken to reduce the deficit. Will the Minister commit himself to a dialogue with Gerry Holtham and with Treasury colleagues to ensure that Wales is given a fair deal, given its historic levels of underfunding and the severe pressure put on the Welsh Assembly Government?

Mr Jones: The Government are committed to ensuring that Wales is properly funded, but it is clearly right for the Treasury's energies to be concentrated on tackling the deficit left behind by the Labour party. We will certainly give careful consideration to the Holtham commission's final report, which is to be published this summer. My right hon. Friend the Secretary of State has already met Mr Holtham, and intends to have further meetings with him.

Mr Peter Hain (Neath) (Lab): Do the Minister and the Secretary of State recall that last November the Treasury was persuaded to accept an historic reform ensuring that Wales was not disadvantaged under the Barnett formula? Why are they not ensuring that the agreement to protect the Welsh Budget is implemented? On Barnett, the Chancellor promised on 12 February 2010 to

"move on it pretty quickly, as soon as a new Government is elected."

How on earth can the Secretary of State and the Minister have allowed that pledge to be dumped in the long grass? Instead of capitulating immediately to savage cuts, why do they not stand up and fight for Wales as their Labour predecessors did?

Mr Jones: Having read the so-called pledge that the right hon. Gentleman received from the Treasury, I think it fair to say that it was almost meaningless. As he knows, the Holtham commission is due to report substantively next month. My right hon. Friend and I intend to have further discussions with Mr Holtham, and it would be wrong to pre-empt his decision.

Armed Forces Day

4. **Greg Hands** (Chelsea and Fulham) (Con): What discussions she has had with the Secretary of State for Defence on marking Armed Forces day in Wales in 2010. [3035]

The Secretary of State for Wales (Mrs Cheryl Gillan): Let me begin by paying tribute to the brave Welsh men and women serving in our armed forces throughout the world, particularly in Afghanistan. They are doing a very difficult job, and I am sure that all Members present will join me in thanking them for their bravery and dedication.

I am delighted to be attending the national Armed Forces day event in Cardiff this Saturday, along with my right hon. Friend the Secretary of State for Defence, His Royal Highness the Prince of Wales and the Duchess of Cornwall. My hon. Friend the Minister will also be attending the north Wales event in Caernarfon in July.

Greg Hands: The Secretary of State will know that the whole country is looking forward to Armed Forces day. Last week we were delighted when the Prime Minister and the President of France met veterans at Royal hospital Chelsea, in my constituency. Can the Secretary of State tell us what specific proposals there are to involve veterans in the ceremonies in Cardiff on Saturday?

Mrs Gillan: We should be very proud that Cardiff was chosen for this year's Armed Forces day celebration. On Monday, when I attended the ceremonial Armed Forces day flag-raising event at Cardiff castle, I was privileged to have several conversations with some of our veterans who were present, representing veterans from all over the United Kingdom. I understand that they will play a prominent part in the ceremonies on Saturday.

Owen Smith (Pontypridd) (Lab): May I ask the Secretary of State to reflect on the impact of yesterday's Budget on us in Wales, and in particular on public sector workers? Already 250 jobs have left my constituency. How many public sector jobs does the Secretary of State expect us to lose during the current Parliament?

Mrs Gillan: Well, I thank the hon. Gentleman for that question, but I find it hard to make a linkage to—

Mr Speaker: I am sure it will not be beyond the ingenuity of the Secretary of State somehow to respond in order, although I accept that this is a testing one.

Mrs Gillan: I am not sure how I will make that linkage to Armed Forces day, but I would say that for those who are low paid in the public sector I was delighted to see that the Chancellor had chosen not to freeze their pay for two years and to give them an increase of £250 in each year, which I am sure the hon. Gentleman would welcome. I also welcome that our Prime Minister went to Afghanistan and announced the doubling of the pay for our brave soldiers when they are serving on our behalf overseas.

Alun Cairns (Vale of Glamorgan) (Con): Does my right hon. Friend agree that one of the best tributes we could pay to the armed forces would be to offer them the best training—world-class training—and that the proposed defence technical college for St Athan could well offer that training? What discussions has she had with the Secretary of State for Defence about this project, and about the delays caused by the last Administration?

Mrs Gillan: May I welcome my hon. Friend to his rightful place in the House, representing the Vale of Glamorgan? He knows what a strong supporter I am of the case for the training college at St Athan, and all I can say is that this is yet another example of how the Labour party did not stand up for Welsh interests. Labour did not get on with this project when it had the

opportunity to do so when it was in government. May I also remind my hon. Friend that planning permission for this project was granted by a Conservative-led local authority back in 2009?

Cabinet Committees

6. **Huw Irranca-Davies** (Ogmore) (Lab): What recent discussions she has had with the Prime Minister on the representation of the interests of Wales in Cabinet Committees. [3037]

The Secretary of State for Wales (Mrs Cheryl Gillan): I have regular discussions with the Prime Minister and Cabinet colleagues on a range of issues affecting Wales.

Huw Irranca-Davies: May I add my congratulations to the right hon. Member for Chesham and Amersham (Mrs Gillan) and her ministerial colleague on their elevation to the Government Front Bench, but will she confirm that the previous Secretary of State sat on as many as a dozen Cabinet Committees and his ministerial colleague sat on up to a dozen as well, and in the light of that—and of the delay in the referendum date, as well as the appointment of a lovable rogue whom I like very much indeed but is an arch devo-sceptic as Chairman of the Select Committee on Welsh Affairs, and the attack on Welsh MPs—will she tell us why this is not telling the Welsh that they—

Mr Speaker: Put in the question mark! I call the Secretary of State.

Mrs Gillan: Oh dear me. I think the hon. Gentleman needs to catch up with the procedures of the House because I believe Select Committee Chairmen are now elected. That has nothing to do with the Government. Perhaps if the hon. Gentleman had spent less time sitting on Committees he would know about the changes that were made in the House. I must remind him that what impresses the electorate is not the number of Committees a Member sits on, but what they do for Wales. We have already done more for Wales in the five weeks we have been in office than the previous Administration did over 13 years. The hon. Gentleman might also like to note that we have reduced the number of the Committees that he sat on in his ministerial capacity to 11. It is better to have a small set of fully functioning Committees where relevant people continually discuss related issues, than for Members to be able to boast that they are sitting on a lot of Committees.

David T. C. Davies (Monmouth) (Con): May I also give a warm welcome to the Secretary of State for Wales and say, as somebody who might well be chairing a Committee, that I am sure that the vast majority of people in Wales will want us out and about in Wales trying to put right the problems that the Labour party created rather than sitting around in Committee Rooms?

Mrs Gillan: May I congratulate my hon. Friend on securing his new position on the Welsh Affairs Committee? I wish him well, and I hope he will bring education about devolution to this House, because I remember reading the last Select Committee report, which said that it was disappointing that, even after 13 years of the previous Administration, the Welsh Affairs Committee had found that

"Whitehall has not fully engaged with the complex nature of the devolution settlements."

The ignorance of devolution arose under the last Government, and I hope my hon. Friend will, through the good offices of his Select Committee, put that right.

Mr Wayne David (Caerphilly) (Lab): I congratulate the right hon. Lady on her appointment as the Secretary of State for Wales. As my right hon. Friend the Member for Neath (Mr Hain) has said, she is the first woman Secretary of State for Wales. However, she follows a time-honoured tradition of Conservative Welsh Secretaries who represent English constituencies. She represents Amersham and Chesham, or is it Chesham and Amersham? Anyhow, it is somewhere in Buckinghamshire. Could the Governor-General, or should I say the Secretary of State for Wales, tell me how many times she has visited Wales since her appointment?

Mrs Gillan: I do not know whether I should welcome the hon. Gentleman's remarks or just feel sorry for him. I have lost count of the number of times I have been in Wales since I was appointed, but I think it is about nine or 10 already. If that is the best he can do for a question—to ask how many times I have been on a train—when we are facing such economic troubles in this country, then I do feel sorry for him, which was my first emotion.

Manufacturing Industry

7. **Mr David Hanson** (Delyn) (Lab): When she next expects to discuss with ministerial colleagues the situation of manufacturing industry in Wales. [3038]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State has discussed various aspects of the Welsh economy, including manufacturing, with ministerial colleagues and will continue to do so in the coming weeks and months.

Mr Hanson: How many representations has the Minister made regarding the future jobs fund and the damaging loss of more than 600 jobs in north Wales? If he made representations, why were they so ineffective, and if he did not make representations, what is his purpose in life?

Mr Jones: The future jobs fund is an uneconomic way of funding new employment, and it does not provide real jobs. Yesterday's Budget statement provided firm foundations for real jobs in Wales, and that is the way that Wales will go.

Nick Smith (Blaenau Gwent) (Lab): Would not jobs and manufacturing in Wales be helped by a decent employment initiative? The future jobs fund has provided 500 jobs in Blaenau Gwent in recent years. It has had a terrific impact in an area with high unemployment of nearly 12%. Will the Minister or the Secretary of State please visit Blaenau Gwent? I invite them to come and find out about employment in my borough.

Mr Jones: I refer the hon. Gentleman to my answer to the right hon. Member for Delyn (Mr Hanson), but, yes, I would be delighted to visit Blaenau Gwent. I look forward to receiving his formal invitation.

Defence Technical College

9. **Chris Bryant** (Rhondda) (Lab): What recent discussions she has had with the Secretary of State for Defence on the proposed defence technical college at St Athan. [3041]

The Secretary of State for Wales (Mrs Cheryl Gillan): This proposal is being considered as part of the strategic defence and security review, which was debated in the House on Monday. The review is due to be completed by October and I will ensure that the Secretary of State for Defence is made fully aware of the importance of our armed forces to Wales.

Chris Bryant: I do not feel sorry for the right hon. Lady; I welcome her wholeheartedly to her post. However, she gave a rather partisan answer to the earlier question about the defence technical college in St Athan, and I urge her to recognise that this issue has involved a cross-party alliance in Wales. All the political parties in Wales have been supporting it, so will she meet a cross-party group of MPs so that they may put the arguments strongly? This is about protecting our armed forces, particularly the soldiers from Wales, who deserve the best training they can possibly get.

Mrs Gillan: I congratulate the hon. Gentleman on having raised this matter not once but three times in the past week or so. I have read the replies to him from both the Secretary of State for Defence and the Prime Minister. The Prime Minister said:

"Everyone who has spent time in south Wales with the military knows that there is an incredibly strong case for the St Athan defence training establishment."—[*Official Report*, 2 June 2010; Vol. 510, c. 430.]

I would be delighted to meet a cross-party group to discuss the future of St Athan. The hon. Gentleman will know that it was one of the first things that I signed up to when I was appointed as shadow Secretary of State for Wales. I will not demur from that support.

Public Expenditure

10. **Mr Peter Bone** (Wellingborough) (Con): What her most recent estimate is of the level of public expenditure per capita in Wales in 2010-11. [3043]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): The latest public expenditure statistical analysis published by the Treasury in April included data up to 2008-09, in which identifiable public expenditure per head on services for Wales was £9,209 while the UK average was £8,206.

Mr Bone: Would the Minister agree that it is the quality of public money spent that matters, not the amount? Will the Government concentrate on quality rather than quantity?

Mr Jones: My hon. Friend is entirely right. The former Government seemed to regard it as a matter of success that they spent money that the country could not afford. We recognise the need for Wales to be properly funded, but yesterday's Budget statement provides a firm foundation for good-quality jobs in Wales.

Kevin Brennan (Cardiff West) (Lab): May I join the Secretary of State in paying tribute to Lord Walker? I do so genuinely, but I am led to reflect on the fact that, since 1987, the Conservative party has not had a shadow Secretary of State or Secretary of State who represented a Welsh seat.

On the issue of law-making powers for the Welsh Assembly: after the boundary changes, what is the Secretary of State's opinion of how many Members the Assembly ought to have?

Mr Jones: Bizarrely, the question appears to be addressed to my right hon. Friend, whereas in fact I am answering. We must await the report of the Electoral Commission, when in due course that issue will be considered.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [3682] **Lisa Nandy** (Wigan) (Lab): If he will list his official engagements for Wednesday 23 June.

The Prime Minister (Mr David Cameron): I am sure that the whole House will wish to join me in paying tribute to Marine Paul Warren from 40 Commando Royal Marines, who died on Monday, and to the member of 40 Commando Royal Marines who died yesterday. We should constantly remember, and show our support for, the services and sacrifices made on our behalf by our armed forces and their families.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Lisa Nandy: The coalfield communities regeneration programme breathed new life into places such as Wigan after the devastation caused by the pit closures in the 1980s. Michael Clapham's review is very welcome, but the decision to freeze the funding will devastate our economy all over again. Can the Prime Minister reassure my constituents that he is not simply seeking to close down the coalfields all over again?

The Prime Minister: Of course I can give the hon. Lady that assurance. Let me first of all congratulate her on her election to this House, and say how much we want to make sure, in spite of the difficult decisions that we have had to make in the Budget, that we go on helping and regenerating communities that face difficulties. I have visited the site in Wigan where the new Lads and Girls club is to be built. That is the result of excellent joint work between the private and public sectors, and we need many more projects like it. We will have more to say about that next week.

Q2. [3683] **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): The Prime Minister will be aware of the vital contribution of the 23,000 Territorial

Army and other reservists who have fought in Afghanistan, Iraq and the Balkans in the last six years. So far, 22 have lost their lives in those operations, and the ones who survive are twice as likely to get post-traumatic stress disorder than their regular counterparts. What recognition and support can my right hon. Friend give to the thousands of employers who routinely allow staff to volunteer, train and engage in reservist activity and who, by doing so, are critical to our military success in those operations?

The Prime Minister: My hon. Friend is absolutely right to raise the contribution that our Territorial Army plays in serving our country. He is also right to remind us how many people have served in Iraq and Afghanistan. There are some 600 volunteer reservists serving today. Standing up for our armed forces is not just a Government responsibility: it is a social responsibility, and something that we should all do. We should pay tribute to those businesses that help people to volunteer and take part. We should remember their service in doing that as well.

Ms Harriet Harman (Camberwell and Peckham) (Lab): May I join the Prime Minister in paying tribute to Marine Paul Warren from 40 Commando Royal Marines, who died on Monday, and to the member of 40 Commando Royal Marines who died yesterday? They fought with bravery and they died in the service of their country.

The Chancellor announced yesterday that the Government will bring forward relinking the basic state pension to earnings to 2011 rather than 2012. Can the Prime Minister tell us how much money the Treasury has set aside to pay for that next year?

The Prime Minister: Actually, what the Chancellor did yesterday was more complex than that. He said— *[Interruption.]* This is an extremely important point, and hon. Members will want to listen. We have a triple lock in place to make sure that the pension upgrade is at the highest level possible. Next year, therefore, because of what we expect will happen with the retail prices index, the pension will be upgraded and increased along with it. When the right hon. and learned Lady gets to the Dispatch Box the next time, will she confirm that Labour's plans were to uprate benefits by less than the consumer price index?

Ms Harman: There was nothing complicated at all about the question, but it was one that the Prime Minister did not seem to want to answer. The answer is that the Government have not set aside a single penny for that big promise to pensioners. Next year prices are due to go up more than earnings, so bringing forward the earnings link by a year does not give pensioners anything extra. But although pensioners get nothing from that change we all know they will pay more in VAT. The Chancellor promised to provide help for pensioners. I am sure that pensioners, including those in the Southwark Pensioners Action Group, or SPAG, which the hon. Member for Bermondsey and Old Southwark (Simon Hughes), knows well, will want to know: are pensioners better off or worse off as a result of the Budget?

The Prime Minister: I have to say to the right hon. and learned Lady that there is a danger in asking the second question without having listened to the first answer. The first answer is that the pension will be uprated by RPI, which is likely to be higher than earnings next year. In terms of how much money we are putting into the state pension system—*[Interruption.]* How much, they ask? We are putting in £1 billion over the Parliament—£1 billion. What a contrast. In 13 years, Labour never linked the pension back to earnings. We have done it in two months.

Ms Harman: The Prime Minister is not being straight about this. We know that there will be no increase in the pension from linking it with earnings a year early. A pensioner will not benefit from the cut in tax from raising the personal allowance either, because they do not get that if they are over 65, but they will pay more VAT. The Chancellor promised to help pensioners. Will the Prime Minister not admit that pensioners will be worse off under his Budget?

The Prime Minister: Perhaps I could recommend to the right hon. and learned Lady the Budget Red Book, although in her case I suspect it is the unread book. If she looks at page 41, she will see £1 billion going into the state pension system in this Parliament. What a contrast. We all remember the 75p increase for pensioners. Under our triple lock system, that can never happen again.

Ms Harman: Page 41, table 2.1, item 48 states:

"Basic State Pension: introduce triple guarantee".

Money set aside: zero. The Prime Minister is not being straight about his promise to pensioners.

Can I ask the Prime Minister about families with children? Families with children, with an income of less than £40,000, may be breathing a sigh of relief that they still have their tax credits, as that was on the news last night. But is it right? Can he confirm that—as he promised in the election—families on less than £40,000 will not lose their tax credit?

The Prime Minister: What we are doing is making sure that the less well-off families get the most money. What a contrast again. Since 2004, child poverty went up by 100,000 under a Labour Government. In this Budget, child poverty does not go up by a single family.

Ms Harman: Once again, the Prime Minister is not answering the question. The truth is that, despite the Chancellor's promise, the Budget small print shows big cuts in eligibility for tax credit. The Prime Minister promised that no family on less than £40,000 a year would lose child tax credit. Will he admit that that is not the case? Will he admit that there are families on a joint income of £30,000 who will lose all their tax credits?

The Prime Minister: The point that the right hon. and learned Lady has got to address is who left us in this mess. Who left a budget deficit of £155 billion, with absolutely no proposals to deal with it? Who put forward— *[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Prime Minister. This level of barracking is unacceptable, and I can tell the House that it is detested by the electorate. It must stop.

The Prime Minister: Thank you, Mr Speaker.

Who put forward £50 billion of cuts, without outlining a single penny piece? The whole country can see what is happening here: one party put us into this mess; two parties are working together to get us out of it.

Ms Harman: I think that what the electorate detest is broken promises, and people will want to know how the right hon. Gentleman's Budget will affect them. He was not straight with pensioners. He was not straight with families. He was not straight on VAT. When the Chancellor got up to present his Budget, he proclaimed:

"I am not going to hide hard choices...in the small print of the Budget documents. The...public are going to hear them straight from me, here" —[*Official Report*, 22 June 2010; Vol. 512, c. 167.]

Is not the truth that that was his first promise and that he broke it even before he sat down?

The Prime Minister: The right hon. and learned Lady talks about broken promises. We remember, "No more boom and bust." What happened to that promise? We remember, "Prudence with a purpose." What happened to that one? We remember, "We'll protect the poorest," when Labour took away the 10p tax rate. The fact is that the Labour party has got absolutely nothing to say about the biggest problem facing this country, which is the massive budget deficit. It might be adopting Greekonomics, but we are sorting out the problem.

Paul Maynard (Blackpool North and Cleveleys) (Con): Given the size of the structural deficit that we have inherited, how many apologies has the Prime Minister received from Opposition Members for what they have left behind?

The Prime Minister: First, may I welcome my hon. Friend, who, I know, will speak with great passion for his town of Blackpool? We should congratulate it on its footballing success recently. On that note, I am sure that the whole House will want to show its support—*[Interruption.]* yes, including all Members—for the England team this afternoon in their key game.

I have not yet received a single apology for the appalling mess that we have been left, but at some stage, the Labour party will have to wake up and realise what a mess it made of the British economy.

Q3. [3684] **Ms Karen Buck** (Westminster North) (Lab): Will there be fewer police officers at the end of this Parliament compared with the number that we have today?

The Prime Minister: What we want to do—*[Interruption.]* Opposition Members have got to start getting serious about the task that we face. We want to do everything that we can to keep police officers on the streets, to have money going into our schools and to keep up spending on our hospitals, and the only way that we are going to be able to do it is if we deal with the problems of excessive welfare spending. So if hon. Members want to see police on the streets and if they want to see well-funded schools, they have got to back us on housing benefit and on welfare reform. That is the way that we can keep spending up.

Christopher Pincher (Tamworth) (Con): Will the Prime Minister join me in congratulating the *Daily Mirror* on highlighting the terrible 172% increase in unemployment in Tamworth during the recession? Further, will he encourage that august journal to place the responsibility for that grizzly legacy squarely where it lies?

The Prime Minister: I thank my hon. Friend for his question. I think that I am right in saying that it was in Tamworth that I came face to face with the *Daily Mirror* chicken, which was one of the most enjoyable episodes of the election. He is right about the unemployment figures, and one of the most important things that we have got to do is to introduce our work programme, which will be the biggest, boldest scheme in the history of this country to get people back to work. That is what needs to be done, and that is the best route out of poverty.

Q4. [3685] **Chris Evans** (Islwyn) (Lab/Co-op): A 25% cut in public spending in Wales, together with a hike in VAT, will hit Wales especially hard. Does the Prime Minister now accept that he and his Liberal friends have let Wales down?

The Prime Minister: I do not accept that at all. The worst thing for Wales would be to continue with the budget deficit and rising debt, and to see our economy slide down. The choice in terms of the Budget is the road to recovery from this party, or the road to ruin offered by the Labour party.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Is the Prime Minister aware of the interesting progress in the European project for fusion research, of the opportunity for a materials testing facility to come to the United Kingdom, and of the suitability of Dounreay to deliver that work? Will the Government support such an application?

The Prime Minister: My hon. Friend speaks with great knowledge about scientific issues. It is important that we lead in such areas. His constituency, with Dounreay, obviously has a huge technical edge; so I shall take his representations seriously.

Q5. [3686] **Pamela Nash** (Airdrie and Shotts) (Lab): I am sure that the Prime Minister is aware of the send my friend to school campaign, in which my young constituents at Victoria primary school in Airdrie are involved and about which they will be writing to him this week. The campaign aims to ensure that the Government direct the £8.5 billion that was committed by the previous Labour Government towards universal primary education by 2015. The matter will be discussed on 7 July at the education summit in South Africa, which is tied in with the World cup. Has the Prime Minister personally spoken to President Zuma and other African leaders about their pledges, and will he confirm that a review of the Department for International Development's funding will not compromise our pledge?

The Prime Minister: First, I welcome the hon. Lady following her election; I think that I am right in saying that she is the youngest Member of the House of Commons. She is quite right to talk about the millennium development goals and aid spending. It is good that it is common cause across the House of Commons that, despite the difficult decisions that we will have to take, we should meet the target of 0.7% of gross national

income. We are committed to doing that, which means that we can continue to support the poorest people in the poorest countries. We will be addressing such issues this weekend at the G8 in Canada.

Q6. [3687] **Graham Evans** (Weaver Vale) (Con): Yesterday, there was support on both sides of the House for raising the income tax threshold by £1,000. Does the Prime Minister agree that a Government who do that have to explain where the money is coming from?

The Prime Minister: My hon. Friend makes a good point. I noticed yesterday that everyone in the House supported the idea of raising the income tax threshold so that we take 880,000 people out of tax altogether. If people are going to support such a pledge, which could cost as much as £4 billion, they have to say where the money is coming from, but so far we have not heard about one penny piece of one saving from any Labour Front Bencher. In terms of Labour's election for leader, it does not matter who that is, because they are not giving any figures to show where they would find cuts. Until they do that, they simply will not be taken seriously.

Q7. [3688] **Mr David Crausby** (Bolton North East) (Lab): The building work for the new £20 million maternity supercentre in Bolton is pretty well finished, but may I be assured that the Government's decision to review the making it better programme in Greater Manchester will not affect the expansion, and particularly the funding, of Bolton's Princess Anne maternity unit?

The Prime Minister: Absolutely nobody is proposing closing the new unit that has been set up. The hon. Gentleman will know that decisions that were taken about Greater Manchester in the previous Parliament caused a huge amount of pain in that vital part of our country. My right hon. Friend the Secretary of State for Health is asking the NHS to ensure that we meet the needs of patients locally, instead of just conducting top-down reviews that lead to the closure of much loved units.

Andrew Selous (South West Bedfordshire) (Con): Will my right hon. Friend tell the House what discussions he has held with the US Administration to ensure that BP remains a strong and viable company?

The Prime Minister: I am grateful to my hon. Friend for raising that point. I have had two discussions with President Obama so far, including a very good telephone call last night. I made the point, especially in the earlier phone call, that of course BP wants to pay for the clean up and to stop the oil gushing into the gulf, and recognises that it must pay money in respect of fishermen and others who have lost their livelihoods, but we want to ensure that the company remains strong and stable for not only our benefit, but the benefit of the United States. I believe that 40% of the company's shareholders are in the US, while 39% are in the UK, and it employs more people in the US than it does in the UK, so it is in all our interests that it is strong and secure in the future.

Q8. [3689] **Helen Goodman** (Bishop Auckland) (Lab): Yesterday, the Chancellor of the Exchequer told the House that, in April 2012, there would be no more children living in poverty than there are today. Unfortunately, two thirds of the cuts in tax credits and benefits come after that date. Will the Prime Minister give the House his forecast of the number of children who will be living in poverty by the end of the Parliament?

The Prime Minister: What I would say to the hon. Lady is that, for the first time in any Budget—certainly since I have been in the House—we have actually published the distributional tables on what happens to income. Labour never did that; we have done it for 2012-13. As for what happens towards the end of the Parliament, I am pleased to say that there will be at least another three coalition Budgets, which we look forward to introducing, to make sure that we go on to protect the poorest in our country.

Mr Peter Bone (Wellingborough) (Con): In the closing days of the previous Parliament, Anthony Steen trafficked through the House the Anti-Slavery Day Act 2010 to highlight the problems of human trafficking. The Government are required to announce a day for anti-slavery day. What progress has been made on that front?

The Prime Minister: My hon. Friend makes a very good point. I admired the work that Anthony Steen did. We have not set a date and he gives me an important reminder that I must get back to my office and make sure that we do.

Q9. [3690] **David Cairns** (Inverclyde) (Lab): For more than 20 years, Sky News has provided an excellent source of impartial news and analysis. Can the Prime Minister give a guarantee that, whoever ends up owning BSkyB, it will not be allowed to turn into Fox News, and that there is no room here for shouty, reactionary propaganda passing itself off as fair and balanced news?

The Prime Minister: The very idea of shouty, reactionary propaganda being passed in the House of Commons is an appalling thought. As I am sure we all recognise, these are matters for my right hon. Friend the Secretary of State for Business, Innovation and Skills, who will be looking at them very closely.

Matthew Hancock (West Suffolk) (Con): Can the Prime Minister confirm that, until yesterday's Budget, the benefits for some of the poorest in society were to be increased at a rate less than inflation, and therefore cut in real terms?

The Prime Minister: My hon. Friend makes an excellent point. The Labour Government's plans were to increase benefits by less than consumer price inflation next year. They left a £300 million—they do not know this, the dupes behind the Front Bench—*[Interruption.]* I think dupes is an accurate description of what I am looking at. There was a £300 million black hole, and you do not have to be a "Star Trek" fan to know that when you are in a black hole, you should stop digging.

Q10. [3691] **Fiona Mactaggart** (Slough) (Lab): In the interests of informing the dupes behind either Front Bench, and in response to his answer to my hon. Friend the Member for Bishop Auckland (Helen Goodman), will the Prime Minister agree to publish the tables for

the years following the one that has been published in the Red Book, which is very welcome, so that we can advise him on how to improve the impact of his policies on child poverty?

The Prime Minister: What a pity the hon. Lady never made that point in 13 years of Government. Where were the distributional tables in the Budget after Budget that we—the poor dupes who were sitting at the back—had to listen to the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) give over and over again? We have published the table for the first time. Between now and the years the hon. Lady talks about, there will be further Budgets, where we will make further progress in helping the poorest families in our country.

Dr Julian Huppert (Cambridge) (LD): Does the Prime Minister agree with several generals, many members of the public and me that Trident should be included in the strategic defence and security review? Does he agree that if there is a case for retaining it, that would come out in the review; and if there is not a case, it should not be kept?

The Prime Minister: My hon. Friend will know that that matter was carefully negotiated in the coalition agreement between our two parties. My view is clear: Britain should retain the nuclear deterrent and we should always keep that insurance policy against great danger. Although I think that there is a case for looking at the costs of the Trident system and seeing how we can bear down on them, I do not believe that we should have the wider review that he suggests.

Q11. [3692] **Dr William McCrea** (South Antrim) (DUP): Yesterday, we were told that resolute action was necessary to deal decisively with our country's debt. Does the Prime Minister believe that it is acceptable that Members' allowances are being paid to Members of the House who neither take their seats nor participate in the work of the House? When will that injustice be remedied, as he promised before the election?

The Prime Minister: The hon. Gentleman makes a good point. My views about this issue are on the record, and they have not changed. I would like to see if we can make the argument. There is not a case for Sinn Fein Members not to take their seats. I think that at the moment we let them off the hook, so I would like to re-examine the argument and see if we can find a new way of doing this.

Q12. [3693] **Guy Opperman** (Hexham) (Con): Saturday is Armed Forces day. In my constituency of Hexham in Northumberland we have hundreds of Royal Artillery servicemen who have recently returned from Afghanistan and will receive the freedom of the town. When they are off duty, they will receive multiple discounts from dozens of stores, restaurants and pubs that are doing their bit locally. Does the Prime Minister agree that it is everyone's duty, not just in the House but all around the country, to go the extra mile and show the gratitude that we all have for our brave troops?

The Prime Minister: I very much agree with my hon. Friend. As I said earlier, this is something that the whole country needs to do, not just the Government. Yes, we have our responsibilities to make sure that we are living up to the military covenant and are doing all that we can for our armed forces and their families, but it is something that communities, individuals and businesses can do, too. I understand that in Hexham, there will be a nine-hour forces celebration. When those servicemen and women are off duty, there will be discounts, as he said, from restaurants and pubs, so I expect that it might get a bit lively, and I am sure that he will join in the fun.

Angus Robertson (Moray) (SNP): A consequence of yesterday's Budget and VAT rise is £26.5 million of new overheads for the NHS in Scotland. Having promised to ring-fence health spending, will the Treasury now cover those costs, or will this be another broken promise, just like Lib Dem opposition to a VAT rise before the election?

The Prime Minister: Of course, our action on national insurance contributions has saved the NHS money, which would not be available under a Labour Government. The point I would make is that that benefits Scotland. The fact that we are protecting the NHS and NHS spending means that money will be available in Scotland as well. The shadow Health Secretary has said that health should not be protected, and that the NHS should be cut. That is now, take note, the official position. The Leader of the Opposition is nodding—cutting the NHS is now official Labour policy.

Afghanistan (Military Patrols)

Q13. [3694] **Dr Julian Lewis** (New Forest East) (Con): What the military purpose is of routine foot and vehicle patrols in Afghanistan.

The Prime Minister: I thank my hon. Friend for his question. We are conducting a counter-insurgency operation in Afghanistan. He asked specifically about the military purpose of routine foot and vehicle patrols in Afghanistan. If we are going to win the counter-insurgency and succeed in what is called "war amongst the people", we have to be among them, protecting them from the insurgents. That is how we are going to create a more stable and peaceful Afghanistan, from which we will be able to return, leaving the Afghan forces in control.

Dr Lewis: Does the Prime Minister accept that there are other ways of fighting counter-insurgencies that do not involve sending out uniformed personnel along predictable routes, day after day, to be sniped at and blown up? Will he request that his military advisers focus on long-term strategies that could achieve our strategic aims without having to pay such an unnecessarily high price?

The Prime Minister: I know that my hon. Friend takes a close interest in these matters, and I have arranged for him to meet senior officials and military advisers, so that he can explore his ideas with them. All that I would say is that the team that President Obama has put in place, and the team that we have in place of military and civilian leaders, have brought great impetus to the campaign. It is difficult to see, if we are trying to fight a

counter-insurgency, how we can do so without having a number of active patrols to protect the people from the insurgents.

Several hon. Members *rose—*

Mr Speaker: Order. I gently remind the House that this is a closed question on Afghanistan. Does anybody wish to come in? No. I call Mr Jonathan Evans.

Engagements

Q14. [3695] **Jonathan Evans** (Cardiff North) (Con): Bearing in mind the Opposition's claim that in Europe, Britain is now isolated, will my right hon. Friend indicate how on earth he managed to secure both French and German agreement to the announcement in relation to the bank levy in the Budget yesterday?

The Prime Minister: My hon. Friend makes an excellent point. In the Budget yesterday, my right hon. Friend the Chancellor announced unity between the French, the Germans and the British on introducing a bank levy. The one group of people who are isolated, and who say that we have to wait for the rest of the world before we can ask our banks to make a proper contribution, are the Opposition. Once again, they have no proposals to fill the enormous black hole that the Government are getting to grips with.

Mrs Anne McGuire (Stirling) (Lab): The Office for National Statistics reported that while the richest 10% spent £1 in every £25 of their income on VAT, the poorest 10% spent £1 in every £7 of their income on VAT. How, then, can the Prime Minister justify his oft-repeated refrain that we are all in this together?

The Prime Minister: What I would say to the right hon. Lady—it is an important point and the Red Book sets it out—is that the richest 10% will pay in cash terms 15 times as much in VAT as the poorest 10%. The important point to take into account and look at is the Budget as a whole. In the Budget as a whole, we can see that the richest pay the most both in cash terms and as a percentage of their income. What we have done, by massively increasing child tax credits, is to ensure that there is no increase in child poverty. What a contrast that is with the figures since 2004. The Labour party put up child poverty by 100,000. That is the difference.

Speaker's Statement

12.31 pm

Mr Speaker: Under the Order of the House of 15 June, I will now announce the determination of the party make-up of the Backbench Business Committee, which will be elected on Tuesday 29 June. Four members shall come from the Conservative party, two members shall come from the Labour party, one member shall come from the Liberal Democrat party. These proportions—*[Interruption.]* Order. These proportions reflect the proportions of parties in the House. It follows, of course, that nominations may be received only in respect of members of those parties.

Points of Order

12.32 pm

Ian Lucas (Wrexham) (Lab): On a point of order, Mr Speaker. Is it in order to describe Members as dupes—*[Interruption.]*

Mr Speaker: Order. The hon. Member for Cardiff West (Kevin Brennan) is in danger of becoming over-excitable, and I know that he would not want to be. Let me respond to the point of order from the hon. Member for Wrexham (Ian Lucas). What he has raised is not a point of order—

Chris Bryant (Rhondda) (Lab): Yes it is.

Mr Speaker: Order. I require no help from the hon. Gentleman. It is not a point of order; it is a matter of taste, and we will have to leave it there.

Kevin Brennan (Cardiff West) (Lab): Further to that point of order, Mr Speaker. In the light of your ruling, could we rename the session that we have just had, "Prime Minister's Tantrums"? Is it not more accurate to describe the Liberal Democrats, rather than Opposition Back Benchers, as dupes?

Mr Speaker: There is nothing disorderly about the remark that the hon. Gentleman has just made, but unfortunately his attempted point of order suffered from the disadvantage of not being a point of order. However, he has made his point very clearly, and it is on the record. I have a hunch that he knew that before he got up to speak.

Pete Wishart (Perth and North Perthshire) (SNP): On a point of order, Mr Speaker. Given your statement on the Backbench Business Committee, does that mean, therefore, that we in the smaller parties are excluded from it? In a Committee that is designed to increase accountability and democracy in the House, how can that be right?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order, and I recognise that he and other Members will be dissatisfied with the situation. However, what I want simply to say to him is twofold: first, the Committee is being constituted in accordance with party strength in the House; and, secondly, we are operating in accordance with the Standing Orders of the House by doing it that way. Not to proceed in that way would require us to revisit Standing Orders. Now, whether we should do so or not is a matter for the House to decide, but I am stating the factual position to the hon. Gentleman and for the benefit of the House.

John Robertson (Glasgow North West) (Lab): On a point of order, Mr Speaker. I wonder whether I could have your guidance on how Back Benchers in the Opposition parties with only two Members on the Committee can get a fair hearing when there are five Members from the Government Benches.

Mr Speaker: The operation of the Committee is a matter for Members on the Committee and for its Chair. I am sure that the hon. Gentleman has every

[Mr Speaker]

confidence in the capacity of his colleagues to discharge their responsibilities on the Committee, and I am sure that he would not have wanted to suggest otherwise.

Mr Nigel Dodds (Belfast North) (DUP): Further to the point of order asked by the hon. Member for Perth and North Perthshire (Pete Wishart), Mr Speaker. Referencing your previous admonition to the House about what the public think outside, as opposed to Members inside, is it not ridiculous, and will it not seem so to the public and to the people we represent in the smaller parties, that we are excluded, by whatever device, from the Backbench Business Committee, and from other Committees in this House as well? Would you, Sir, be open to a consideration of how we may meet to discuss how the smaller parties can be properly represented in such Committees in this House?

Mr Speaker: I understand the hon. Gentleman's point, and I understand his frustration, but I have already ruled on this. The House can always look at these matters. I would gently say to him that it would be unwise for the Chair to speculate on the ridiculous.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): Further to that point of order, Mr Speaker. Could you tell me, and the House, why some Back-Bench Members are more equal than others in respect of membership of the Committee?

Mr Speaker: I am a little concerned that the hon. Gentleman is trying to continue the debate. I cannot believe, knowing his normal regard for order, that he would do that, but I have a worrying hunch that he might be making a first attempt. He has made his point, and I think that we will leave it there.

Ways and Means

Budget Resolutions and Economic Situation

CAPITAL GAINS TAX (RATES)

Debate resumed (Order, 22 June).

Question again proposed,

That provision may be made in relation to the rates at which capital gains tax is charged.

Mr Speaker: Before the shadow Chancellor rises, may I appeal to hon. Members who are leaving the Chamber to do so quickly and quietly so that we can hear him? I call Mr Alistair Darling.

12.36 pm

Mr Alistair Darling (Edinburgh South West) (Lab): I welcome the opportunity to open the second day's debate on the Budget. There are two tests to be applied to this Budget. The first is what it does to ensure that we can secure the recovery and get long-term sustainable growth, and therefore support jobs. The second is what it does in respect of fairness and, in that context, what it says about the promises made by the parties that now comprise the Government.

I expect that over the next few days many points of detail will be explored, but I want to look at some of the bigger issues, especially the context against which this Budget needs to be judged. Before I do that, I welcome the Secretary of State for Business, Innovation and Skills to his place. I have not had an opportunity to cross swords with him in this Parliament, and I look forward to doing that and to hearing what his views are now as opposed to what they were a mere seven or eight weeks ago.

I want to start with the context in which the new Government made their decisions on this week's Budget. Yes, that context has to be the need for us to reduce our borrowing—no one disputes that, although there are very live and real arguments about how fast and the extent to which the deficit ought to be reduced. However, I believe that it must also be seen in the context of growth. For some, like the Business Secretary, what I have to say will not be news because, after all, he largely agreed with the approach that I took during a lot of the last Parliament. However, he seems to have become rather more forgetful in the past few weeks, so a reminder may be useful.

On 28 April, which the right hon. Gentleman may now regard as being ancient history, but for most of us does not seem that far away, he said:

> "The deficit problem is easier to solve if there is growth. That is why the next government has to recognise the fragility of the economy and not take action which would precipitate a double dip recession leading to more unemployment and even bigger budget deficits."

I agree with the sentiments behind his statement. He was right on 28 April, and my guess is that he will still be right on 28 June, but I cannot understand why he has changed his mind in the intervening period. Growth is slightly stronger than before the general election, because at that time we thought that it was just 0.3% in the last quarter. However, although it has improved, it can, on

no view, be said to be anything other than pretty modest and pretty fragile. I believe that the measures announced in the Budget yesterday present a risk of derailing that recovery, and worse, of giving rise to a situation in which our economy simply bumps along the bottom for a number of years. In that way, we would not get the growth that we need, and we therefore would not get the jobs. Worse still, of course, we would not have the funds to reduce our deficit and, therefore, our debt.

The past three years have been tough for businesses and families throughout our country and, indeed, many are still experiencing the problems that arose because of the recession. However, as I said, we have seen a return to growth, but it is only 0.3% in quarter one; unemployment has stabilised and begun to fall; and tax receipts are higher than expected, which is why our borrowing is £11 billion less than I forecast in March. All those improvements are a direct result of the action that the previous Labour Government took.

Throughout this debate and for some time to come, doubtless we will hear the now familiar mantra that everything that is wrong and all our problems are confined to one country alone—ours—and that they are due solely to the actions of the previous Government. Like any Government, we got some things right and some things wrong, but I am absolutely certain that the action we took to stop this country tipping from recession into depression was right, as was the action we had to take to stabilise the banking system. I will not yield to anyone who says we should have done differently. We needed to stabilise the economy and to keep people in their jobs and homes. We took that action because we do not believe that in such a situation people should be left to sink or swim. Those actions were taken largely with the support of the Liberal Democrats when they were in opposition, but everything has changed in the past seven weeks.

John Thurso (Caithness, Sutherland and Easter Ross) (LD) *rose—*

Mr Darling: I will give way to someone who is perhaps an unreconstructed member of the Liberal Democrats, especially one who represents a constituency in the north of Scotland that may be the subject of change because of his leader's determination to reduce the number of constituencies, particularly in his neck of the woods.

John Thurso: I am grateful to the right hon. Gentleman for those kind words, but I suspect I would be out of order if I responded.

May I bring the right hon. Gentleman back to the point he was making and remind him that when the Northern Rock crisis hit, my right hon. Friend the Business Secretary immediately proposed that nationalisation was the correct way forward, and that the Government whom the right hon. Gentleman represented prevaricated for six months before taking that action?

Mr Darling: The hon. Gentleman raises an interesting point. He is right that the right hon. Gentleman called for nationalisation at an early stage. The current Chancellor, however, was dead against that. I imagine that if that situation arose now, the Chancellor's view would prevail and the Business Secretary would have to do what he is told. The hon. Gentleman is absolutely right that at the time I agreed with a lot of what the Business Secretary was saying. For reasons that I will not go into just now because of the various legal requirements and other considerations, we did not nationalise Northern Rock until February 2008, but we were absolutely right to do so then. The Chancellor still thinks that we were wrong, but I am glad to say that the current Secretary of State for Justice believes that our action was right. The action we took, whether in relation to Northern Rock, the rest of the banking system or the rest of the economy, was critical.

Ms Karen Buck (Westminster North) (Lab): While we are reflecting on recent history—the Chancellor yesterday spoke of the levels of debt prior to the economic crisis and blamed a long history of alleged Labour overspending —will my right hon. Friend speculate on why the Conservatives supported the Labour Government's spending plans right up to the end of 2008?

Mr Darling: The Conservatives did so because they thought it expedient, but at the end of 2008, they decided to change tack. In all we heard yesterday, the Chancellor did not explain why, if everything was going wrong and we were spending too much in the previous few years, he was quite happy to support such spending right up until the end of 2008.

Mr David Evennett (Bexleyheath and Crayford) (Con): I am listening with great interest to the right hon. Gentleman's exposition of what the last Labour Government did. However, if everything is so good, why is our economic and financial position so much worse than those of our competitors after his tenure as Chancellor of the Exchequer?

Mr Darling: It is largely because we have a very large financial sector that contributed about 25% of all our corporation tax receipts. When the banking crisis hit, those receipts fell. There is something in the argument that has been advanced on both sides of the House in recent years—although, perhaps in retrospect, sadly not as much as it might have been over the past 30 years —that our economy has become dependent on the financial services sector, particularly on tax receipts. I think we would all like to see that rebalanced. Of course, there is a big question about how we do that, and I cannot for the life of me see how cancelling the help to Sheffield Forgemasters, for example, will go anywhere towards helping that rebalancing. However, I shall come on to that in just a moment.

At the moment, our recovery is fragile. What makes matters worse is that the position in our main export market, Europe, is extremely worrying. I am far less optimistic than I was in March about what is likely to happen in the European Union economies over the next year. Growth in France has fallen back; in Germany, it is pretty flat—just positive; other countries have tipped into recession; and Spain has unemployment over 20% and other well-understood problems. On top of that, whereas the predominant view certainly until the beginning of this year was that we had to support our economies to ensure that we established growth, the Chancellor is right that he can pray in aid the change of view among

[Mr Darling]

some of his counterparts, such as in Germany, which is now pursuing policies to reduce the deficit that will impact on demand, not just in that country but within other parts of Europe as well. Germany is our major trading partner. If demand there is suppressed, and if taking large sums of money out of our economy here has the effect I suspect it will have, the result will be reduced demand, which will affect business confidence, its propensity to invest and, therefore, our ability to grow and generate the receipts we need to get our borrowing down. That is a real concern.

There is no doubt that, over the past few months, the balance in the approach has moved away from what one might characterise as the Keynesian towards the more orthodox. I, for one, think that that is a profound mistake.

Huw Irranca-Davies (Ogmore) (Lab): Does my right hon. Friend share my worry about the much-cited examples of the quite savage cuts agendas in Canada, Sweden and elsewhere? They were done against the backdrop of growing export markets, monetary policy and currency devaluations. His analysis of what is happening in the eurozone at the moment should fill us with caution, if not dread, because if the Chancellor's judgment is wrong, this country is going to hell in a handcart.

Mr Darling: My hon. Friend's point about Canada is an important one. Yes, Canada reduced its deficit quite dramatically. As a result of that country's provincial set-up, a lot of the action was taken by the provincial governments rather than the national Government. It was taken, however, an the back of a growing US economy. Given the relative size of the Canadian economy compared with the US economy—it is much smaller than the Californian economy alone, for example—there is no doubt that the Canadians could do things on the back of their next-door neighbour's rising prosperity. Our problem is that our next-door neighbours, the EU, are not in the same position at all—indeed, quite the reverse. Equally, when Sweden was going through a similar exercise, it was helped by the fact that the economy of much of Europe was growing at the time.

Sajid Javid (Bromsgrove) (Con): Does the right hon. Gentleman agree that he should also consider the example of Spain, of which I am sure he is more than aware, when talking about our EU neighbours? Despite having a lower debt-to-GDP ratio than us and a lower budget deficit, it is on the verge of a sovereign debt crisis. Its banks have been frozen out of the borrowing markets for the past three weeks, and it has reportedly held emergency meetings with the International Monetary Fund, the EU and others to try to arrange a bail-out package. Does that not make what we had to do yesterday even more critical?

Mr Darling: There is another difference, of course. Official unemployment in Spain is more than 20%. The Spanish construction industry is in dire straits. A lot of Spain's smaller banks, which are heavily tied to that industry, are finding things difficult. There is a world of difference between the Spanish economy and our own, just as there is a world of difference between the Greek economy and our own.

Just about every day in the run-up to the election, the hon. Gentleman's party was anxious—desperate even—to compare our economy with the Greek economy. To his credit, the Secretary of State for Transport—he is not here today, but I made this point to him when we were debating on the television last night—said that Britain was nothing like Greece. The idea that we are in the same position as Greece or Spain is complete nonsense. Our economy is much larger and much stronger, and our ability to service our debt is much greater. The average maturity of our debt—as the hon. Gentleman knows, I assume—is 14 years, whereas in Greece the average maturity is three years and in continental Europe it is about five years.

Of course we have to get our borrowing down and ensure that we can get debt down as well. No one would disagree with that. The question for us is how do we do that in a way that maintains growth, so that we can ensure not only that we get growth in our economy and that we do not damage our future prospects, but that we do so in a way that is socially and politically fair? That is the difference, but to compare us with those smaller countries is, frankly, ludicrous, as many in the hon. Gentleman's party realise.

Andrew Bridgen (North West Leicestershire) (Con): Did the right hon. Gentleman really believe that the previous Government had ended boom and bust, and is that why he put no money away for the rainy day that has now arrived?

Mr Darling: The hon. Gentleman was not here in the last Parliament, but I was asked that on numerous occasions. No Government can ever eradicate economic cycles. They have been around for years, and I expect that the current Government will find that they will be around for years as well. What I would say to the hon. Gentleman is this. Just before we went into this crisis, we had the second lowest debt level of the G7, behind only Canada, and although we had a structural deficit, it was much smaller—*[Interruption.]* Yes, we were borrowing to build schools and hospitals, but when they were sitting here on the Opposition Benches, Conservative Members used to call for more spending on schools, hospitals and the police, not less.

The point is that whatever we do, when we get that borrowing down, we have to ensure that we do it in a way that does not damage the fabric of the economy. Indeed, the Secretary of State for Business, Innovation and Skills said that he was

> "very much opposed to the Conservative approach of rushing into cuts...regardless of the condition in the economy. That's not sensible."

He was right then and he would have been right now, but he is pursuing a different policy.

Geoffrey Clifton-Brown (The Cotswolds) (Con) *rose*—

Mr Darling: No, I am going to make some progress.

The current context is a fragile recovery, with growth in Europe sluggish. Crucially, however, we cannot assume, as the Government seem to, that it is axiomatic that if we cut back on public expenditure, the private sector will come in and take its place. That is not guaranteed at all. We have seen that in Japan and other countries. Indeed, the private sector often relies on public sector

spending in many ways, whether through investment and support or directly, because it supplies goods and services to the public sector.

As I have said, borrowing is too high and we need to get it down. As I said to the hon. Member for Bexleyheath and Crayford (Mr Evennett), our receipts from income tax and corporation tax fell, as did our stamp duty receipts when the housing market went down, but that would have happened—indeed, it did happen—to every other major economy. We are not talking about something that was confined to the United Kingdom. Of course, as unemployment goes up, social security spending goes up as well. Indeed, it is interesting that if we look at what has happened to other countries across the world, we see that the deficit this year in this country is about the same as it is in the United States. If we look at debt and the IMF comparisons that were published in 2009, we find that our debt was less than that of Japan, Italy, Germany and France, and, looking ahead to 2015, it will still be less than that of the United States, France, Italy and Japan.

The idea that we are talking about a particularly British problem simply does not stack up. It is not true, but it is used as a convenient excuse for what the Conservative party always wanted to do. The truth is that the Conservatives supported our spending plans right up until the end of 2008—the hon. Member for North West Leicestershire (Andrew Bridgen) might want to consider this point. Indeed, when the now Prime Minister was challenged—I think by some right-wing newspaper—as selling the pass, he said that those spending plans were "tight". That was the word he used. He said:

"This is why we are sticking to Labour's spending totals. Taken alone, these are tight."

That is what he said in 2008, but now the Conservatives turn around and say that what happened would not have happened if they had been in power for the past five years and that things would have been completely different.

Let us be clear: we all want to see borrowing come down, and we need to ensure that that happens. It is also clear that we need to understand the consequences of what we are doing, so that we do not damage our economy or damage the social fabric of this country. However, to suggest that we should not have done anything to support our economy as we went into recession or that we should not have stepped in to prevent the banking system from collapsing—and it was hours from collapsing—is simply nonsense, frankly. Indeed, if we had not done what we did, the cost, in terms of increased borrowing and higher debt, would have been far higher even than it is today, so that argument simply does not stack up.

We need a sensible plan to get borrowing down, but if we get this wrong we will cause major problems, given the scale and speed of the Government's action. Again, the Business Secretary said a few weeks ago that

"it would be foolish to rush in significant cuts now which take the economy down even further, which lead to an even bigger deficit problem".

He was right when he said that, yet the view of the Government of whom he is now a member is rather different. To be fair to the Chancellor, he has been consistent. He has wanted to take this risk for some time, and he is now taking it in great style. Even better, from his point of view, is that he has got the Liberals to front it up. No wonder that, once they are out of this Chamber, Conservative Members are laughing at the very idea of getting the Chief Secretary to the Treasury fronting up the cuts last week in his boss's constituency. That is indeed new politics; I just wonder how long it will last. All I can say is that if things get better, there is no way that the Conservatives will allow the Liberals to front up any good news when it comes.

I am concerned at this time that we run the risk of derailing the recovery, which is why I took a different view. I thought that we should halve borrowing over four years, rather than go further and faster. Looking at the Office for Budget Responsibility's forecasts published yesterday, I am concerned that it has downrated the growth forecast for this year, which it published a week before, from 1.3% down to 1.2%, and that it has downrated growth in 2011 from 2.6% to 2.3%. The OBR therefore recognises that growth is going to be suppressed as a result of what is being done.

Mr Tobias Ellwood (Bournemouth East) (Con): Will the right hon. Gentleman give way?

Mr Darling: Yes, I suppose so.

Mr Ellwood: I am honoured that the right hon. Gentleman has taken the time to give me tuppence-worth of his attention. Will he comment on whether he supports the creation of the Office for Budget Responsibility, bearing in mind his own predictions? In March he stated in this place that the growth forecast for 2011 was 3.25%, but now the Office for Budget Responsibility says that the forecast is 2.6%.

Mr Darling: I am glad that I gave way to the hon. Gentleman, because the last time we touched on whether I supported the creation of the OBR, I think that the Chancellor said that I had always opposed it. However, I was careful before the election, and I think that I am right in saying that I did not oppose it as a matter of principle. The present Government decided to set up the OBR. If it works, it is worthy of support, so we will support the legislation in principle, but we will look at the detail. One interesting question is whether the OBR should be responsible to the Treasury or to Parliament—to this House in particular.

Mr Ellwood: It has rubbished your forecasts.

Mr Darling: Let me come to the forecasts. Forecasting, as I am sure the hon. Gentleman knows, is an art rather than a science. Let us just see, because as I understand it, the OBR is being advised by exactly the same civil servants who advise the Chancellor, and who advised me a few months ago. However, I note that when Sir Alan Budd announced the OBR pre-Budget report a week last Monday, he said that one of the reasons why he had changed his estimate was recent developments, including what is happening in Europe. As I said earlier, I am less optimistic now than I was three months ago about what is likely to happen to growth.

Mr Ellwood: Will the right hon. Gentleman give way?

Mr Darling: No, I think I have dealt with that point.

[Mr Darling]

There will be some people who argue that the private sector would see faster growth and job creation if there was a swift consolidation that supported looser monetary policy. However, with inflation down, interest rates at 0.5% and bond yields coming down—they were coming down before the election, as well as after it—there is no evidence of suppressed private sector demand, so that argument does not stack up. I am concerned that we may see a situation when there are not the right conditions or the right confidence to bring forward business investment. I am happy to welcome the proposed reduction in corporation tax rates and other business help, but what governs whether businesses come forward with investment is whether they are confident that the economy is going to be growing so that people will buy their goods and services. That is what I am concerned about.

I am also concerned that the Office for Budget Responsibility forecast shows employment taking a hit of about 100,000 compared with what we had forecast previously. The Chartered Institute of Personnel and Development foresees unemployment rising and sticking around 3 million for this entire Parliament. The history of Japan in the 1990s—and, indeed, our own history back in the 1930s—provides a lesson in what happens if we get all this wrong. Wherever we sit in this House, we should all be concerned about rising and persistent unemployment. Not only is it an economic waste; it is also a social catastrophe, as we have seen on many occasions.

Jacob Rees-Mogg (North East Somerset) (Con) *rose—*

Mr Darling: I shall give way to the hon. Gentleman, not least because I had the pleasure of visiting what is now his constituency during the election campaign, and I can see that my contribution there did not quite work out.

Jacob Rees-Mogg: I thank the right hon. Gentleman for giving way—and, indeed, for visiting North East Somerset, where he will be welcome again. He has mentioned Japan, and what Japan got wrong. What it got wrong was massive overspending, as a result of which it is now forecast to have a debt to GDP ratio of 246%. Surely that overspending is exactly what we need to avoid.

Mr Darling: What Japan got wrong was snuffing out a recovery at a very early stage and never really getting over it. As the hon. Gentleman knows, the Japanese have had complete stagnation for a long period now. The debt is just going up and up, and understandably they are very concerned about it. The new Prime Minister was the finance Minister until a few weeks ago, and understandably, he has huge problems on his hands.

The tests we need to apply to the Budget relate to growth and jobs, which I remain very concerned about; there is a substantial risk there, and I would like to have heard more said about policies to promote growth so that we do not end up with years of very sluggish growth at best or, even worse, bumping along the bottom for some years.

I have said that one of the tests that needs to be applied to this Budget is its fairness and another relates to the promises made about it before the election. Where better to start, then, than with VAT? During the election there was a lot of discussion about that. The Conservatives, like ourselves, said that they had no plans to raise VAT. I remember having a discussion with the Chancellor when he announced his plans not to go ahead with at least some of the national insurance increases, and he said that he would fund that from efficiency savings. I remember saying that I thought that was highly doubtful, and that they would have to raise money from another big tax. Sure enough, VAT is going up.

Interestingly, for some reason, not much was said about efficiencies yesterday, although they loomed very large during the election. We now know that "no plans" on the Tory side meant exactly what Geoffrey Howe said in 1979 when he said he had "no intention" of doubling VAT. Of course he was factually right, as it only went up from 8% to 15%. It was the same with John Major when he was Prime Minister in 1992, and said he had "no plans" to raise "extra resources from VAT": of course, VAT went up. Even last year, the Prime Minister said in opposition that putting up VAT was regressive. He said:

"You could try, as you say, put it on VAT, sales tax, but again if you look at the effect of sales tax, it's very regressive, it hits the poorest the hardest. It does, I absolutely promise you."

I assume he was not absolutely promising to do that, but was trying to point out to the questioner that he thought that VAT was regressive. Yet here we have it—VAT going up to 20%, as I always suspected would happen.

What I find even more curious is how on earth the Business Secretary can back this proposal. He cannot have been unaware of the Liberal campaign which spent two days dealing with the "Tory VAT bombshell". We saw the posters all over the country. They said a Tory Government would come up with "a secret VAT bombshell", but the only secret appears to be that the Liberals intended to vote for it when it was introduced. The hon. Member for Bermondsey and Old Southwark (Simon Hughes), who is no longer in his place, said last week that he thought VAT was

"the most regressive form of tax"

in that it "penalises the poor". When the Business Secretary said during the election that he would

"hardwire fairness back into national life",

did he have this in mind?

I see that there are, wisely, only four Liberal Democrats in the House at the moment; the others are no doubt explaining to their constituents why it is that when they said, "Vote for us and keep the Tories out," they completely misunderstood the position. It seems to me that this is not just a broken promise, as there are real issues at stake. I was criticised for what I did with national insurance, but I wanted to ensure that pensioners would not have to pay the increased tax and I wanted to protect people earning less than £20,000—of course, that has not happened.

Phil Wilson (Sedgefield) (Lab): The Chancellor keeps saying that we are all in this together, but the headlines in *The Financial Times* today suggest otherwise. Under the headline, "Well paid breathe collective sigh of relief", the article quotes someone from RBC Wealth Management saying:

"Many high earners will be breathing a sigh of relief."

Does that not prove that we are not all in it together?

Mr Darling: My hon. Friend makes a fair point. It is interesting that the Liberal Democrats promised us that if they went into coalition they would get something in return on capital gains tax. They wanted a 40% CGT, yet they appear to have settled for 28%.

The Chancellor of the Exchequer (Mr George Osborne): That is 10% higher than under Labour.

Mr Darling: The Chancellor says it is 10% higher, but when I raised capital gains tax to 18%, I remember the angry campaign waged against it by Conservative Members. They said that 18% would discourage enterprise and was a terrible thing, but they seem to have changed their minds on that absolutely and completely. By the way, we are not going to oppose the increase in capital gains tax; especially when there is a higher 50p rate of tax, sooner or later action would have to be taken to stop the real risk of leakage. As I think the Chancellor said yesterday, the real gain from raising capital gains tax comes from income tax receipts. The position of the Liberal Democrats, however, was quite different.

There are other areas, too, where questions of fairness will be raised. Where in the manifestos of either of the political parties that form the Government was it said that they were going to index benefits to the lower inflation index of the CPI—the consumer prices index—which takes about £6 billion away from people whose income, generally speaking, is not that great? Where was it said in their manifestos that they were going to cut more than £100 in relation to child benefit, or to freeze that benefit for three years? Other changes also deserve very close examination. Everybody knows that housing benefit is in need of reform, as is the disability living allowance, but as we all know, these are complicated, difficult and sometimes controversial issues. It will be interesting to see whether the coalition Government can deliver all the things they promised yesterday.

Geoffrey Clifton-Brown: The shadow Chancellor said that action would have had to be taken on the CGT rate sooner or later, but I cannot remember him criticising his predecessor when the Labour party reduced CGT from 40% down to 18%. Is he now saying that that was the wrong thing to do, or not?

Mr Darling: I am not saying that, and I am bound to say that I do not remember anybody—and certainly not the Conservative party at the time—criticising the reduction of CGT down to 10%. It was believed that it would help and encourage entrepreneurship—*[Interruption.]* The hon. Gentleman might like to have a long look at that, but I am sure that many arguments can be mounted both ways. As he knows, I made changes in 2007; I remember that the Conservative party's complaint then was not about the reduction of CGT, but about my increasing it to 18%. As I said, with income tax rates at 50%, it is sensible to keep an eye on this.

I believe that people will find it difficult to characterise a number of measures announced yesterday as fair. On tax credits, the Chancellor said that the Government were going to start to taper away tax credits from household incomes of over £40,000, but that is already true now. In the following year the threshold goes down to £30,000. As we always said during the election—when it was denied—people on incomes as low £15,000 will be affected. Look at table A.5 on page 64 of the Red Book: it is there; it is all set out. It shows that cuts in entitlement to tax credits go far further than the right hon. Gentleman set out yesterday.

I think that the Liberals will have some difficulty in characterising these things as "progressive cuts". I understand that the leader of the Liberal Democrats points to the table published in the Red Book, which makes it look as if people at the top end are bearing a fair share of the reductions and tax increases, but it shows that only because the Government have published a table showing measures yet to be introduced, including our national insurance increases. The top decile will be paying more because of measures that I, not the Chancellor, introduced. It is slightly disingenuous of the Prime Minister to give the impression, as he did at the end of Question Time, that what the Conservatives are doing is redistributive and fair. That is not the case.

Mr Edward Timpson (Crewe and Nantwich) (Con): The shadow Chancellor has told us that he supports the rise in CGT. Does he also support the rise in the personal allowance by £1,000, the re-linking of pensions to earnings and the freezing of council tax? If he does, why were they not in his last Budget?

Mr Darling: Our policy, as the hon. Gentleman will know, was to restore the earnings link from 2012. I can see that bringing that forward to a year in which earnings are likely to be very low had a political attraction. I think that was the subject of exchanges at Prime Minister's Question Time, and it will not have the cash effect that is thought. As for personal allowances, I am in favour of taking people out of tax if at all possible, but the same people who are being taken out of tax will be paying increased VAT.

Chris Leslie (Nottingham East) (Lab/Co-op): Further to the intervention of the hon. Member for Crewe and Nantwich (Mr Timpson), will my right hon. Friend expose the nonsense of the supposed council tax freeze announced by the Government and the small amount of money given to local authorities at the 2.5% level? Is not the rug being pulled from under local government through swingeing cuts to grants? How on earth are local authorities supposed to plan ahead and make their budgets? Surely they will not be able to do that until they see the spending review.

Mr Darling: I noticed that the spin on Tuesday morning was that council tax was to be frozen in England next year. By the time of the speech, however, the Chancellor was saying that if local authorities did certain things, he would see what he could do to help them, which is not quite the same.

Let me put some questions to the Secretary of State for Business, Innovation and Skills. On the Chancellor's proposed levy on the banks, will the Secretary of State tell us precisely what the French and German Governments propose to do? I, too, had discussions with my French and German counterparts, but it was not always clear that they were proposing to do precisely what we might have done. Things have clearly developed, and I would like to know what those developments are.

The Chancellor announced measures to help development outside London and the south-east. He mentioned regional funds and other help, so will the

[Mr Darling]

Business Secretary give us further details? The Chancellor also mentioned that he wanted to change the approach to pensions tax relief. He made the point that the Labour Government had had a number of discussions; legislation went through on the nod, I think, just before Dissolution. Does the Chancellor's alternative mean reduced annual allowances? My recollection is that that would affect far more people than we proposed to affect, and is therefore less progressive?

People are right to be concerned about the overall thrust of the Budget in relation to the effect on growth and jobs. Yes, we need to get borrowing down—we all know that—but we must do it in a way that is sensible and will result in us coming through all the problems and being able to grow and secure jobs in the future. The Budget also fails the fairness test. Over the next few weeks and months, we will consider yesterday's announcement and, equally importantly, the cuts to departmental spending. The Business Secretary's Department is not protected. Perhaps he will say what the effect of a reduction of a quarter in his budget would be, given that he is responsible for science, universities and business support.

We will return to those big questions. Like all Budgets, this one will be judged in the fullness of time. We are coming through a difficult period, and the action taken by the Labour Government was totally justified. We must be careful not to derail that effort and end up undoing all the work done over the past few years.

1.14 pm

The Secretary of State for Business, Innovation and Skills (Vince Cable): This is the first opportunity that I have had to debate with the shadow Chancellor from this side of the Dispatch Box. May I start by paying tribute to him? I have always said publicly, and am happy to continue to do so, that in many respects he was one of the people who emerged from the wreckage of the previous Government with an enhanced reputation. He did so for two reasons. First, he inherited an enormous banking crisis that was in part the result of the naivety and negligence of the treatment of banking before he became Chancellor. He dealt with it decisively in the autumn of 2008, through liquidity and part nationalisation, and I reassert that he deserves credit for that. Secondly, he has at his core a strong element of honesty and integrity, which occasionally involves him blurting out the truth. There was the famous occasion when he came back from a holiday in the Hebrides and uttered the blasphemous four-letter word "cuts" for the first time, much to the annoyance of his next-door neighbour in Downing street.

The question to which the Government have wanted an answer is this: why were we left £50 billion of cut commitments without any explanation of what they were going to be? On 12 June, the shadow Chancellor gave us an insight into what had been going on. He said:

> "I wanted to show more examples of what we could cut, and more examples of what we could switch. But there was a more limited appetite for that than you might think."

It was not just the appetite of his then next-door neighbour, who is now being blamed for everything, that was limited. I think that there was a limited appetite here and there, and as a result we have been left with the responsibility of spelling out what those painful cuts are.

There is another comment which is not a direct quote of the shadow Chancellor, and he might not even have said it, but let me give it to the House, as I think it reflects quite well on him. He is said to have made an insightful observation on the nature of sovereign debt crises. Apparently, he told the Cabinet, "The ice seems solid the moment before it cracks." That captures beautifully the dilemma that the Government now face with a sovereign debt crisis in the background. I wish to return to that issue, but first I will briefly answer the technical points that he threw in at the end of his speech.

As I understand it, the French-German proposal is a balance sheet levy similar to what is happening here. The proposals relating to regional rebalancing, which are an important part of the Government's proposals, have two elements: £5,000 relief from employer national insurance contributions for new companies with up to 10 employees outside the east, the south-east and London, and a fund that will be distributed on the basis of bids received for good projects, especially those with a high-technology and environmental component. The details on that will emerge in due course.

Angela Smith (Penistone and Stocksbridge) (Lab): Why, if the Government are so keen on rebalancing the economy regionally, did they turn down the loan to Sheffield Forgemasters?

Vince Cable: The hon. Lady knows the reason; it has been explained several times. A lot of questions had to be asked about the affordability, value for money and risk of that project. What was a very highly geared project promised extraordinary rates of return to the private promoter. We looked carefully at all the evidence, and the project clearly had positive aspects, but we decided that in the circumstances of a Government with highly constrained public finances, we could not support it.

Angela Smith: Will the right hon. Gentleman give way?

Vince Cable: I have answered the question; I do not want to pursue it.

Were the private promoters able to take the project forward, we would be delighted, because as a commercial project it has many attractions. However, the Government could not commit large amounts of money to such a project.

The shadow Chancellor made a series of challenges, which I will take systematically. He asked why we, and I personally, have endorsed austerity policies and especially quick cuts; he asked about the issues around fairness and value added tax, with which I will deal; and he asked about the important economic question of how we get growth emerging from a period of austerity, and I will try to answer that. First, however, let me explain why I changed my mind—for I did change my mind—about the necessity for early action on the budget deficit. Let me describe the sequence of events, because I think that it is quite important.

As the shadow Chancellor knows, because he was still Chancellor then, when the election took place there was, in the background, a major sovereign debt crisis in

Europe. The day after the election, when there was a hung Parliament, the then Prime Minister suggested to me, I think for reasons for courtesy, that I talk to some senior officials in the Government and the governor of the central bank about the existing situation, in order to obtain their assessments of what was going on. I did so. The leader of my party talked to the governor, and I have talked to him since.

The advice that I received, uncompromising and unequivocal, was that the incoming Government, whoever they were—we did not know who they would be at the time—would have to act immediately and decisively on the budget deficit, because there was a serious threat to this country. I took that advice, but was left with a nagging question. The former Chancellor was presumably receiving the same advice. What would he have done? Was he proposing to disregard it? The line of policy that he is developing now suggests that he would have liked to disregard it, but was he going to do so, or was he going to be responsible, accept the advice and act on it? Because he is a responsible and serious man, I think he would have accepted it.

We now know, because the figures are becoming clear, that in the current financial year, when, as the shadow Chancellor said, the economy was fragile, he was introducing a fiscal tightening of £23 billion. The new Government have introduced a tightening of £6 billion. The last Government did not announce that fiscal tightening—it emerged in the small print from the Institute for Fiscal Studies—but the shadow Chancellor did it, and he clearly did it with good reason. The problem was that it was never clear what the Government were doing, it was done in a very chaotic way, and some Ministers—including Lord Mandelson, my predecessor—plainly wanted to support the Chancellor and to act in the public interest, and got on with those cuts. When I entered the Department, people such as further education lecturers and scientists were being made redundant as a result of the measures that had already been initiated by the Government in response to the crisis that they knew existed.

Chris Leslie: The right hon. Gentleman may well have had his damascene conversion, for who knows what reasons, but does he not owe an apology to the millions of people who thought when they voted Liberal Democrat that they were voting for a pro-growth strategy and against these massive cuts? Should he not apologise to his own electors?

Vince Cable: No; we are trying to deal with the problem that the hon. Gentleman and his colleagues left behind.

Mr Darling: Since the right hon. Gentleman referred directly to me and to advice and discussions that I may have had, let me say to him that there has never been any argument in the House about the fact that we needed to reduce borrowing. The discussion was always about when the reduction should start—before the election, he and I were on the same side on that—and about the extent to which, and the speed at which, it should take place.

As for Greece and the sovereign debt crisis, I am sure that the right hon. Gentleman will also have been advised that the real problem was that the rest of the eurogroup took far too long to do what was necessary to support the Greek Government. Had they done it in February, when the problems first became apparent, some, although not all, of those problems might have been avoided. As it was, they were allowed to become acute. No one is arguing that we did not need to reduce our borrowing, but we were not in the same position as Greece.

Vince Cable: I know that we were not in the same position as Greece. I was not talking about what the Greeks and the eurozone needed to do; I was talking about what we needed to do, and the advice that we received.

There is an evidence base to look at. It is true that, as the shadow Chancellor said in his speech, the cost of borrowing in terms of bond yields was starting to fall under the last Government. That is because markets are driven by expectations, and they expected a change of Government. Since the election, however, and since this action was taken and announced, the cost to the United Kingdom of borrowing, in terms of bond yields, has fallen by 20 basis points. In Greece it has risen by 170 basis points, or 2% in ordinary language. It has risen by 94 points in Ireland, by 95 in Portugal, and by 65 in Spain. Spain is a serious, big country: we are not talking about tiny, peripheral economies. It is a serious country, which was caught up in the financial firestorm that we have had to head off from here. That was the basis on which we made decisions.

Let me now develop that immediate question into the broader issue of the Chancellor's Budget and the magnitude of the task that we had to undertake. There is, of course, a difference between the problem of the deficit and the problem of the debt. There is a public debt problem, which is growing rapidly, but as the Chancellor has pointed out and as I have often pointed out myself, it is not greatly out of line with what is happening in many other countries, or with what has happened historically. The real problem for the United Kingdom is the massive level of public borrowing. That is why markets are important. The deficit in the last financial year was 11% of GDP; in the current financial year, it is 10.5% of GDP. That money—£155 billion—must be borrowed. My views on that, on how it should be dealt with, and on the kind of radicalism that is needed had nothing to do with the formation of the coalition. My views were set out a year ago, when I wrote a pamphlet which did, indeed, bear a strong resemblance to what the Chancellor produced yesterday in terms of scale, scope and speed.

Let me tell the shadow Chancellor why I feel strongly about the need to act in such a decisive way in terms of fiscal policy. There are two reasons. First, I saw the disaster unfolding under the last Government, when they were overtaken by a major financial crisis for which they were not prepared and to which they had massively contributed. Of course there is a global problem—we know that—but its impact has been much more serious in this country than elsewhere. That is because the Government allowed household debt, in relation to income, to rise to the highest level in the developed world; because they acted and planned on the assumption that house prices rise for ever, although we know from the evidence that they go up and down roughly every 17 or 18 years, as they have done for the

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last 300 years; and because they created, encouraged and fostered an almost Icelandic dependence on major international banks, the combined magnitude of whose balance sheets represented 400% of our economy.

The Government allowed that to happen. Some of us warned about the dangers, and they took no notice: they said that we were scaremongering. But the crisis hit them, and, having experienced it once, we on this side of the House are determined that such a financial crisis should not happen again as a result of sovereign risk. That is why we are decisive, and why we feel that we need to act.

Chris Leslie: If what the right hon. Gentleman says about the banks is true, why has the Budget been quite so lenient with them? Why has it taken only £1 billion from them, when the rest of the country is having to pay £14 billion as a result of the measures in the Red Book? What will his Department do to prevent the banks from passing even that £1 billion on to their customers?

Vince Cable: That was a very strange intervention. It may reflect the fact that the hon. Gentleman—whom I respect a great deal—has rejoined the House following the election, and may not be familiar with the arguments that led up to it. He will know, however, that the last Government were going to phase out their bonus tax. We have reintroduced a stable system of taxation on banks, the incidence of which will increase over time. Of course, many things need to happen to the banking system. We will discuss, as colleagues, how we should deal with such matters as bank lending, on which there is an outrageous record of bank dysfunctionality.

Phil Wilson *rose—*

Vince Cable: I will take another intervention, but then I must move on.

Phil Wilson: It seems to me that, to rectify the problems, the right hon. Gentleman has signed up his party to a Budget that represents a massive gamble for the country. What happens if it fails? What is plan B?

Vince Cable: The hon. Gentleman says that a gamble is being made. Certainly there is a risk. There are risks in tightening fiscal policy too quickly, but there are also risks in doing nothing, or in doing less. We have had to balance those risks, and we have concluded that we must act.

Since the questions are coming from Labour Members, let me now give the other reason why I feel strongly about the need to act decisively in the way in which the Chancellor acted yesterday. Thirty years ago, as an adviser, I occupied the office that I now occupy as a Minister. It was the end of a Labour Government who had chosen to ignore the build-up to a major financial crisis. As some people will remember, the painful measures—the taxes, welfare cuts and spending cuts—were not taken by choice. They were imposed from outside by the International Monetary Fund. Because I was there at the tail-end of that Government, I saw the consequences, not the least of which were the massive divisions that opened up. People in the Government such as Denis Healey, Roy Jenkins and my boss, John Smith, believed that the Government had to be responsible, but there were a lot of others—I sense a growing echo of this feeling on the Opposition Back Benches today—who said, "We don't need to do anything, we can fight the gnomes of Zurich and drive them underground, we can ignore the rest of the world and we do not need to act." It was a disastrous alternative strategy, and the Labour party is in great danger of returning to that territory.

That is why I have come to the same position as the Chancellor of the Exchequer. We come from different political traditions; I do not try to hide that. As it happens, my role models as Chancellor of the Exchequer include Sir Stafford Cripps and Roy Jenkins, because they understood the need for sound public finance and they combined tough action on budgets with fairness. That is the tradition that we have continued.

Let me list some of the measures in this Budget with which I am proud to be associated. There is the lifting of the tax threshold by £1,000, towards the £10,000 mark. There is the action on capital gains tax, which is not just a tax-avoidance measure, but is about fairness. We have acted on public sector pay not just by freezing some salaries but by giving special help to people on low pay in the public sector. We have introduced the bank levy. We have done what the Labour Government failed to do in 12 years and introduced a triple-lock to protect pensioners—the shadow Deputy Leader of the House, the hon. Member for Worsley and Eccles South (Barbara Keeley), could not quite get her head around what the triple-lock is—and in addition supported pensioners through improved pension credit, which is a major cost on the budget going forward. We took action to head off any increase in child benefit, too.

Let me read a comment on child poverty made not by a politician, but by Barnardo's, one of the leading charities. Yesterday it said:

> "There's some pain in this Budget for the poorest families, but we recognise the government has done what it can to protect the most vulnerable.
>
> Our calls for child tax credits to be redirected away from more wealthy families to the poorest have been heard – an action we highly commend."

Huw Irranca-Davies: I do not doubt the right hon. Gentleman's motives during his journey over the years and the past few weeks, but does he give credence to the fact that there is an alternative that could minimise the risk to his communities and mine? It is not to do with rejecting an agenda of cuts, efficiencies or reprioritisation; it is to do with timing. It is not just me saying that, or the "dupes" on the Labour Benches. Paul Krugman, "Danny" Blanchflower, Will Hutton and many other economists are saying, "Minimise the risk; just delay, and make the decisions at the right time."

Vince Cable: I think that the gentlemen to whom the hon. Gentleman refers are mostly talking about competitive deflation in the world economy, which is, of course, absolutely disastrous. The Chancellor referred in his speech yesterday to the fact that other countries that are in surplus have to do the opposite of what we are doing in terms of fiscal consolidation. The Chancellor made that very clear in relation to action to be taken by the Chinese and action that should be taken by countries such as Germany. Of course we understand the wider context.

Let me return to the criticisms about value added tax. The shadow Chancellor put the question in a personal way when he asked why I was supporting the increase in value added tax. The three of us—the shadow Chancellor, the Chancellor and myself—went around the television studios during the election campaign; we were the three Chancellors, a bit like "The Three Tenors". We had our several encounters and each of us was asked time and again, "What do you think about value added tax?" As I recall, all three of us gave an identical answer: "We have no plans to increase value added tax, but we have not ruled it out." The reason why we are now having to confront the matter is that there is a bigger structural deficit than was appreciated and action had to be taken. That could have been a tax measure, or it could have been a spending cut. Is that what Labour Members are saying? Do they want more cuts in spending? Do they want another tax? What do they want?

Mr Darling: I was just wondering what impression the Liberal Democrat poster about the Tory VAT bombshell was meant to give.

Vince Cable: Anybody who read my comments on tax policy over the past year would, I think, hardly imagine that there was a surprise or a bombshell, because I said on many occasions that if taxes had to be increased, it made much more sense to tax expenditure than income or corporate income or employment. That was my view, and I expressed it on many occasions.

Andrew George (St Ives) (LD): I wish to associate myself with many of the measures that we as Liberal Democrats can take pleasure from in the Budget, including the increases in personal allowance and in pensions. On VAT, to what extent does my right hon. Friend accept that we could have explored alternatives, including increasing capital gains tax still further or increasing the bank levy to ensure that the balance of tax increases was more proportionate?

Vince Cable: The Government did look at the possibility of raising capital gains tax further. They did serious analysis and the conclusion was that it would not raise any more revenue. That was the problem. It certainly would not have raised anything remotely like £10 billion. That is why we cannot evade this issue.

Let me turn to the central concern about value added tax, which is expressed on both sides of the House: the worry about regressiveness. I checked back on what independent analysts were saying about value added tax and its income distribution effects. It is worth looking at the work of the Institute for Fiscal Studies, which has conducted a distributional analysis based on expenditure. It came to the conclusion—this is its word, not mine—that value added tax was fairly "progressive" because of the exemptions that are given for zero rating, as food, children's clothing and other essentials are key items in the expenditure patterns of poorer people. *[Interruption.]* The top 10% of the population pay three times as much in value added tax as the bottom 10%. *[Interruption.]*

Opposition Members are expressing righteous indignation about what they regard as regressive measures. Let me tell them which is the most regressive tax: it is council tax. Do they remember what happened to council tax under the Labour Government? On average, it went up 70%. Taking into account rebates, for the poorest 10% of the population it rose by 93%. It is the most regressive tax of all, yet they lecture us in this sanctimonious way about regressive taxation. They have no basis for doing that.

Finally, let me turn to the crucial issue of growth, which the shadow Chancellor raised. He is right that growth does not happen automatically; of course it does not. How do we proceed from the austerity that has to happen—from cuts in public spending—to growth in business investment and net exports, which we want to see? That is a genuinely important question, to which there are no simple answers. The perfectly fair point has been made that there are risks involved here, just as there are risks, which we judge to be bigger, in doing nothing, so let me try to answer this question seriously. If we are going to get growth, it will come partly through demand and partly through supply. How do we sustain demand? Essentially, we do so through monetary policy. That is what happened under the last Government. The reason why the economy kept on going through the recession was not Government fiscal stimulus. That was trivial, and it has now been withdrawn anyway. It was not for that reason; it was because we had very low interest rates, the expansion of money through quantitative easing and, of course, a big devaluation.

Those factors drove the economy in terms of demand and they will continue to do so. There is a reason for believing that that is what will happen: the Governor of the Bank of England called for this Budget and has now got it, and he has every reason to understand the need for monetary policy to support recovery.

Liz Kendall (Leicester West) (Lab): Will the right hon. Gentleman give way?

Vince Cable: Is it on that point?

Liz Kendall: Yes.

Vince Cable: Okay.

Liz Kendall: The right hon. Gentleman says that the Budget will increase growth, but the Office for Budget Responsibility says in the Red Book, at paragraph C.18, that

> "economic activity is weaker than in the pre-Budget forecast…this reflects Budget measures which restrain government spending and real household disposable income, holding back consumer demand."

Does he agree with the OBR or does he now admit that the Budget will not increase growth?

Vince Cable: That was not on the point I was speaking about. I know that the hon. Lady is a new Member, but I am sorry that she felt the need to read out her question in the way that she did. Nevertheless, there is a very simple answer on page 94 of the Red Book. It is a technical point made by Sir Colin Budd, who drew up this part. These issues are not comparable. Had the Labour plans been implemented, interest rates would have been higher than they now are, which would have dragged down the rate of growth and pushed up the level of unemployment beyond what it is. That is the distinction he makes. He also refers to the fact that there is a basic confusion. I noticed that the Chancellor

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did not repeat the point in his speech, but it was raised yesterday. That explains the hon. Lady's genuine misunderstanding.

In addition to issues about how to stimulate demand, there is an issue about how to get business investment moving—how to get supply, and an understanding of the supply side of the economy. A lot of the Budget's stronger points were about that issue. The Budget was about creating a tax environment within which business is confident to invest. It is about doing the things that my Department is now starting to do in conjunction with the Cabinet Office, such as looking at the 20,000-plus additional regulations that were built in by the last Government and which are shackling small business. It is about addressing the issue of bank credit that was lamentably neglected by our predecessors, and investing in things like apprenticeships, which we have started to do even within our few weeks in office.

Geoffrey Clifton-Brown: On investment, will my right hon. Friend say a little more about the Chancellor's words yesterday on enlarging the enterprise finance guarantee scheme, which would help 2,000 small businesses? Some 90% of our economy is made up of small and medium-sized businesses. I have had two meetings with business representatives since the election, and they all tell me that one of the major problems is bank lending to good, viable businesses—particularly those that are exporting around the world. I am sure that those are precisely the sort of businesses that my right hon. Friend had in mind as those which will give us the private sector growth that we require.

Vince Cable: The hon. Gentleman is right, and it is the problem of credit supply to the small and medium-sized business sector that has the greatest potential to disrupt the recovery. That is why the Chancellor included in yesterday's Budget the finance guarantee, and why we now have to work on why banks that were rescued by the taxpayers do not lend to the good companies that the hon. Gentleman describes, which are solvent, have good order books and will contribute to recovery. That is a major task that the Government now have to undertake.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The right hon. Gentleman talks about the importance of investment and about being fair to regions. The Northwest Regional Development Agency has played a critical role in setting up investment funds for businesses in the north-west and was key in setting up the centre of scientific excellence at Daresbury, which has been responsible for retaining skills in the north-west and for developing science-based businesses. Why does he want to abolish it?

Vince Cable: I have met the Northwest Regional Development Agency and I have suggested to it that under the new structures that will be created—the local enterprise partnerships, and local businesses working with their local councils—it will have an opportunity to bid for status in order to carry forward useful projects that support development on the ground. There will be a change—those RDAs are going to be restructured—but there is a role for that kind of innovation locally.

The shadow Chancellor talked at some length about the need for growth. He is right that we need growth, but it has to be sustainable. We had a decade of what seemed at the time, at least to some Labour Members, to be strong economic growth. I am sure that hon. Members will remember, as I do, all those Budgets in which the then Chancellor told us that we had achieved the highest rate of growth since the Hanoverians—I think it was even the Roman empire on one occasion—and talked about a boom in employment. But the house was built on sand and it was all a mirage. It was not sustainable. It was based on levels of personal debt and Government borrowing that could not be sustained; it was also based on a housing market that could not be sustained and on a fragile banking system. We have to restore growth, but it has to be sustainable. That is what the Budget was about.

1.45 pm

Jon Trickett (Hemsworth) (Lab): May I congratulate you, Mr Deputy Speaker, on occupying the seat that you now do, as this is the first time I have had the opportunity to do so?

The Business Secretary speaks with great authority and I noticed that the House listened to him with great care. I was particularly interested in the justification he gave for the reversal of his position on cuts. I listened to the two points he made on that with great care, but I was not convinced. First, he said that after the election, he was asked to get a briefing from senior officials. He then went on, in a way that I thought was not totally honest and that was certainly a form of elision, to talk about the situations facing this country and countries in the euro.

The then Opposition parties were offered briefings before the election. I assume the Lib Dems were briefed on the situation facing this country regarding the sovereign debt and other such matters, so it can hardly have been a surprise to the right hon. Gentleman to find that the circumstances were as they were. I find rather surprising the suggestion that he was surprised to discover—after the election, during the period when he was negotiating entrance into office for himself and his colleagues—that the situation was suddenly much worse than he had previously understood it to be.

There was a deliberate elision of the sovereign debt crisis being faced by Greece and Spain and the situation in the United Kingdom. The truth is that in Greece there is a 4% decline in gross domestic product—there is a collapse in output—and that in Spain more than 20% of people are effectively unemployed. Those two economies probably cannot sustain the debt they have incurred, but that does not in any way apply to the UK. I would be surprised if the Governor of the Bank of England had told the right hon. Gentleman, in what would have been a blinding revelation in the middle of the negotiations to enter into the coalition, that some kind of sovereign debt crisis was operating in the United Kingdom, given that the Bank of England's quarterly bulletin, published the other day, refers to an increase in the flow of investments into UK bonds.

The structure and age of our debt is not in any way comparable to the situation in Greece or elsewhere. I therefore conclude that the meeting which the right hon. Gentleman no doubt had with the Governor and

others came at a very convenient time, and that the abandonment of the policy that he and others had, to their credit, shared—that we should not cut further at this time—was linked more to the political opportunities that were opening up, given the nature of the election, than to the sudden discovery of a change to the situation facing this country that, rather conveniently, occurred 24 hours after the election.

I want to make a number of points about the Budget and the current situation that we are facing. I listened carefully to the analysis by the Business Secretary of how the crisis came about. From the implications that could be read into his speech, it seemed to me that there was a difference of view between him and Conservative members of the Government as to how the situation arose.

For the Conservatives, it is clear that the problem facing the country is almost ideological in nature, being one of government rather than of the markets. They believe that the problem lies with the state, which should be reduced, and not with the markets, which collapsed. I note that the right hon. Gentleman said that the crisis was global in character and that it was brought about by the collapse of the banks, and I want to refer once more to the question of bonds.

The credit rating agencies have been widely publicised for their judgments about the state of the UK economy, but those same agencies were happy to give triple A ratings to Freddie Mac and Fannie Mae, and to some of the other banks and investment firms in the US. It is odd that much of the media now seem to rely on the judgments of those agencies as to the UK's status in the bond markets—but speculating on that would take me away from the narrative thrust I am trying to develop and the points I want to make.

The Business Secretary referred to the collapse of the banks, but I think the judgments made in the Budget reflect a different analysis by the Chancellor. That much is clear from how the burden will fall: of the £40 billion fiscal tightening being proposed, it looks as though £13 billion will be achieved by raising VAT—and I shall return to that point in a second—and £11 billion by an attack on welfare. In contrast, £2 billion is being raised by the banking levy, and I believe that that reveals the priorities of this Conservative-led coalition: £24 billion is to be saved through reducing welfare expenditure and raising VAT, and only £2 billion will come from the banks.

The truth is that, in a constituency like mine, the Budget will hit people very hard. I represent some of the poorest people in the country, as do many other hon. Members. It will not have escaped them that the burden of the changes introduced yesterday will fall particularly heavily on the poorest, and on hard-working people more generally.

The right hon. Gentleman made a case for the rise in VAT, but the Chancellor said on television this morning that he had faced a choice, between raising income tax or VAT, and that he had made a judgment. Personally, I reject the idea that we should impose further fiscal tightening in the current financial year but, be that as it may, the Chancellor made it clear that there was a choice.

The Government's choice—the Business Secretary's fingerprints are on it as much as anyone else's—was to raise VAT rather than income tax. However, about £1 of every £7 that poor people spend goes on VAT, while for the rich the figure is about £1 in every £25. It is a highly regressive tax, compared with income tax. If a tax is to be increased—and I am not saying that that would be my option—it should not be VAT. The fact that VAT has been raised reveals the Budget's regressive nature and character, and reflects the right-wing agenda being elaborated by this Government.

John Mann (Bassetlaw) (Lab): My hon. Friend has referred to the welfare cuts, including to disability living allowance, that have been outlined although not specified at all. People on DLA—in his area, in mine, and elsewhere in the country—come predominantly from a manual working background. Does he share my concern that it is precisely their inability to do manual work that will be a problem when their allowance is cut? The people involved are not the intellectual office workers of the future.

Jon Trickett: I wonder whether the Business Secretary and some of his colleagues came into politics to restrict welfare benefits for the disabled.

People in our areas have reason to fear other elements of the Budget, apart from the VAT hike. Public sector pensions are going to be cut, and the Government will accelerate the rise in the pension age. We know that they are going to cut 25% of departmental expenditure, that there is to be a freeze on child benefit, and that there will effectively be cuts in housing benefit. All those proposals will affect the communities we represent.

I remind the House that it was Mrs Thatcher who stole milk from schoolchildren; now, it is this Government who will take money from poorer mothers. Let me list the effects the Budget will have on mothers, especially those in poorer communities, as it seems they are to be targeted.

According to the TUC, the announcements made yesterday show that poorer mothers will lose about £1,200 a year. From April next year, the Sure Start maternity grant will be available for the first child only. The £500 maternity grant available for poorer mothers having their second child is to be withdrawn, and that is a disgrace. The health in pregnancy grant—a universal grant worth £190 that was available to all mothers to promote child and maternal health and engagement with health services—is being abolished.

The baby element of tax credits is also being cut. That was an additional payment of up to £545 a year for families with a child aged less than one who were in receipt of tax credits. The previous Government's introduction of a new toddler tax credit would have provided an extra £200 a year for children aged one or two, but that has been cut too.

As we know, child benefit has been frozen for three years, and that obviously amounts to a cut in real terms. Finally, the child trust fund worth £250 has also gone. That may not affect members of the Cabinet much, given that there are 22 millionaires sitting around that table, but I assure the House that £250 can make a difference to children and families in my area.

Whatever my differences with them, I do not believe that people who joined the Liberal Democrat party went into politics to attack poorer mothers, but that is what this Budget does. That is what they will be faced

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with voting for in a few days, and I ask them to consult their consciences—never mind their party members—to determine whether that is the right thing to do.

Earlier, I said that it would not be my priority at this time to go for further fiscal tightening, given the fragility of the economy and the lack of demand elsewhere in the world. However, that is not simply my view; it has also been expressed by people who are very significant indeed.

The House will be aware of President Obama's letter to the G20, but hon. Members may not know that KPMG chief economist Andrew Smith has described yesterday's Budget as a "kill or cure" Budget. I note that the same phrase was used in today's *Financial Times* headline, and there is at least a risk that we might kill the recovery. It is quite extraordinary to see KPMG make such a statement, and Andrew Smith, its chief economist, went on to say:

"The aim is to eliminate the structural deficit over this Parliament, but it risks choking off the recovery. There is no guarantee that private demand will rebound just because the government retrenches."

John Philpott, of the Chartered Institute of Personnel and Development, said that we would see unemployment rise to 3 million for the rest of this Parliament.

Dr John Pugh (Southport) (LD): Can the hon. Gentleman refresh my memory? In the last Parliament, did he vote for £40 billion of unspecified cuts?

Jon Trickett: I am talking about yesterday's Budget and I shall continue to do so. If the hon. Gentleman does not like it, he should think about whether he will vote for it next Monday and Tuesday.

Paul Krugman, the Nobel prize-winning economist, asked how hard it could be to understand that Governments can save economies rather than destroy them. It is not too hard at all, yet as he said:

"All around the world…politicians seem determined…to short-change the economy".

A consensus has emerged in the media about the need for cuts, which is infuriating sometimes, because there is a counter-consensus that has not been properly heard, represented by many people on the Opposition Benches and by leading economists, President Obama and others: we are taking a huge risk with the future of our economy.

Two million private sector employees work for companies that are dependent on Government contracts—Sheffield Forgemasters has already been mentioned. Further damage will inevitably be done to the private sector by cuts aimed at the public sector. When we look at the performance of the private sector we see that it, rather than the public sector, has brought about the reduction in gross domestic product, especially in investment. People may not like to use the word, but if there is a strike going on at the moment, it is not the BA strike but the investment strike in the private sector. We can understand why it happened, but none the less, £6 of every £10 of the reduction in GDP is down to one factor alone—the decline in private sector investment. It is not clear to me how cuts now will suddenly lead to growth in private sector investment, nor have the Government explained how that might happen. Furthermore, the Red Book shows a decline in public sector investment from £47 billion in 2008-09 to £21 billion, which is less than half that amount, by 2014.

I am troubled both by the assault on poorer communities, which is what the Budget really amounts to, and by the underlying economic philosophy that by reducing the state the private sector will flourish. The reverse is true, as we know from the great economist Keynes and from what happened in the great depression of the 1930s. Recovery in the United States was not brought about by slashing public expenditure, but above all by the new deal. Roosevelt's great adventure rebuilt the American infrastructure and economy. The private sector was able to revive through expenditure, not cuts.

With those reflections, I turn to the politics of the Budget. The election gave no legitimacy for the course the Government have set. The vast majority of people who voted for the Liberal Democrat party did so on the basis that there would be no further cuts in this financial year, and no increase in VAT. The Conservative party did not achieve a majority and did not significantly increase its vote, in terms of the total numbers of people who voted. On the other hand, it is also clear—I would not claim otherwise—that Labour did not win the election either, but looking at the combined votes for Labour and the Liberal Democrats, for a policy of careful financial management, we see that a vast majority voted for that objective.

My conclusion is that there is no democratic legitimacy for the Budget. When the Secretary of State for Business, Innovation and Skills described his conversion on the road to Damascus on the day after the election, his argument was much less than convincing. It feels as though there has been an attack on middle-class and working-class families and on those dependent on welfare. Inevitably, there will be resistance both in the House and outside. When people reflect on the fact that an extreme Thatcherite Budget has been agreed and will be forced through the House without the legitimacy of an elected parliamentary majority, there will be outrage.

It is for the Labour party, particularly our leadership, to reflect carefully on how we respond to a Budget from a Government who were not elected with a majority, and who propose to impose savage cuts on the living standards of poorer people. Resistance will emerge. The Labour party will want to react responsibly, but we will—at least we should—place ourselves alongside people and communities who are resisting the cuts. I very much hope we shall be doing that in the coming weeks and months.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Nigel Evans): Order. I know that the House will wish to observe the conventions associated with maiden speeches.

2.7 pm

Andrew Jones (Harrogate and Knaresborough) (Con): Thank you, Mr Deputy Speaker, for the opportunity to speak today. It is a great honour to address the House for the first time and it is with some trepidation that I follow the excellent maiden speeches of so many Members.

I pay tribute to my predecessor, Phil Willis, who served with great distinction for 13 years and built up a significant, thoroughly deserved personal reputation as a fine, hard-working constituency MP. I wished Phil a

long and happy retirement, which may have been a little too early, because as soon as I had done so he was made Lord Willis.

I am only the fifth person to represent the constituency since it was created. One illustrious predecessor is the hon. James Ramsden, who became the MP nearly 60 years ago and was our country's last Secretary of State for War. James once confided to me that there were not many of "us Macmillan's Ministers" left now. I have not checked, but I think James is a member of a very small club.

Further back we had some rotten boroughs—the need to equalise constituency size goes back a long way—and over time they were represented by three Prime Ministers. However, the most famous political figure, if I may call him that, with links to my constituency is someone who played a big role in the history of this place: Guy Fawkes, who spent his childhood in the village of Scotton.

When I first arrived here, Members were introducing themselves to each other and asking where they came from. As soon as I said that I came from the Harrogate and Knaresborough constituency everyone said, "Ah, lovely part of the world." They were right. The Harrogate and Knaresborough constituency is Yorkshire at its very best. I am proud to represent such a beautiful area, with its mix of historic towns and villages and rolling countryside.

Knaresborough is by far the older of the two principal towns, and is a very pretty market town with a marvellous natural setting. It has a river and a gorge, a castle and a crag, and a fascinating history. Earlier this year, there were great celebrations on the 800th anniversary of the first award of Maundy money, which took place in the town. I am always struck by the real community spirit in the town, perhaps best exemplified by the annual Knaresborough bed race, which is organised by the Knaresborough Lions and took place only a few days ago.

Harrogate is a spa town, perhaps most famous for its gardens and tea rooms. A regular winner of the Britain in Bloom competition, it is true that the gardens are beautiful, and Betty's tea rooms are justifiably famous for their quality. They are a Yorkshire institution. I should perhaps confess that I have a lot of knowledge of that company, having worked for it, so there is a direct interest. But there is more to Harrogate than that. The quality of life there is very high, based on a robust local economy, which has a mixture of quality companies that operate in a diverse mix of sectors, including one of the UK's largest conference centres.

Many hon. Members will have visited conferences at Harrogate and so will have experienced the transport links, which are poor, especially the rail links. Only 18% of the 350,000 visitors per year to the conference centre travel by rail. More direct trains between London and Harrogate would be far more convenient for visitors to the conference centre, thus boosting business and having a beneficial effect on the broader business community. I will be working to highlight that and to fight for improvements, although I am under no illusion how difficult that will be, given the appalling state of the public finances inherited from the previous Government.

Our public services are good, with motivated public servants delivering quality health care, education and other services, yet over the past couple of years, I have started to receive calls from people who work on the front line of those services to highlight the bureaucracy that they have to endure and, interestingly, what they see as the waste of public money. Contributions from those who deliver services on the front line will be absolutely crucial in ensuring that we make the right decisions in the changes ahead.

One of the reasons for the high quality of life in Harrogate and Knaresborough is the quantity and range of community groups and social enterprises. I have been particularly impressed on my visits to social enterprises such as Paperworks, Claro Enterprises, Horticap and the Little Red Bus. Numerous voluntary groups do so much to add to the quality of life in our area, and there are 400 charities registered. I have seen the difference that volunteering and social enterprises make, and I welcome the Government's support for the third sector.

Harrogate is also the home of Army foundation college, where our junior soldiers train before being sent to their regiments. It is a fine organisation. It does great work with the 16 and 17-year-olds who join it from a very diverse set of backgrounds, yet all leave with pride and confidence in having made great achievements. I am always conscious that, whenever we hear of a casualty in Afghanistan, there is a high likelihood that that person spent some time training in my constituency. The junior soldiers whom I have met at the foundation college are a credit to our forces, and I strongly welcome the Government's support for our forces.

One thing that I often hear about my constituency is that it is very affluent—parts of it are, that is true—but there are pockets of poverty, which are sometimes overlooked: perhaps pensioners living on fixed incomes, or people who live in rural areas or who work in the hospitality industry, where incomes are often very low. It may surprise hon. Members to know that the average wage from jobs in the area is £440 per week. That is less than both the regional and UK average.

I mentioned earlier that Harrogate and Knaresborough is the best of Yorkshire. In my constituency, we have one of the most desirable areas to live, a successful and diverse economy and an engaged community, yet one of the lessons of the recent election was that people fear that what they have may be under threat. I heard comment after comment from people fearful of the scale of debts facing our country, knowing that the action to deal with them would not be easy. People have understood that the need to tackle the issue was urgent, but that there would be better times ahead when the consequences of the previous Government's debts are dealt with.

There is a lesson from Harrogate on the benefits of clearing debts. The local council has been active in repaying its debts, keen to clear liabilities and save taxpayers paying for interest. Paying interest does not appeal to Yorkshiremen and women—we are famous for liking value. Paying interest is using funds that could be put to better purpose. In this case, I believe that the money that is being saved will be used to expand the local recycling service. The contrast is stark: paying interest, or investing in environmental initiatives. In less than three years, the council will be debt free—the consequences of a good Conservative administration. It will take us far longer than that to clear the debts that we have inherited.

[Andrew Jones]

It is crucial for us all to get our economy moving, and I support very strongly the Government's efforts to create the right environment for businesses to thrive. The cuts announced yesterday in corporation tax rates, with the expansion of entrepreneurs' relief and the small business relief, mark a clear change of direction on business taxation, and that will be very welcome in Harrogate and Knaresborough.

My right hon. Friend the Chancellor said that it was important to say that Britain is open for business. Well, I will be highlighting the fact that Harrogate and Knaresborough is open for business.

A further part of the right environment for business is the emphasis placed on education and skills. In Harrogate and Knaresborough, we have excellent primary and secondary schools. We also have Harrogate college, which is launching a business school tomorrow.

I have already met the representatives of rail operating companies and local education providers, because I know how critical it is to have a robust business sector, built on adding value. That is my background before I joined the House.

The trust placed in me by the people of Harrogate and Knaresborough is a great honour, and I take that trust very seriously. I pledge to use my time here to speak up for my area and everyone in it.

2.16 pm

Diana R. Johnson (Kingston upon Hull North) (Lab): May I welcome you to your new position, Mr Deputy Speaker, and thank you for calling me so early in the debate?

I pay tribute to the hon. Member for Harrogate and Knaresborough (Andrew Jones). I am very pleased indeed to follow a fellow Yorkshire MP making his maiden speech. In particular, he talked about some of the best traditions of Yorkshire—first, the community spirit of Yorkshire people and, secondly, the great Yorkshire institution of Betty's tea rooms. I am sure that hon. Members on both sides of the House will appreciate the fact that people can get a good cup of tea and a good piece of cake at Betty's tea rooms.

I wish to comment on one of the other contributions to the debate. The Secretary of State for Business, Innovation and Skills made quite an attempt at explaining his about-face in respect of what the Liberal Democrats fought the general election on and how he now comes to the Dispatch Box to defend the vicious and savage cuts in the economy. He is obviously a distinguished and well-thought-of economist, so it was rather strange that he did not pick up before that the position was so bad that he would have to change his party's policy. He was seen as brilliantly forecasting some of the problems in the economy during the previous Parliament and he has been given great recognition for some of his forward-thinking views, but he was not able to pick that up in the weeks before the election. I was rather taken aback by how out of touch he claimed to be and by how he had to have the meeting to explain the current economic situation and to change his party's policy.

I was also very surprised indeed to hear a Liberal Democrat try to argue that VAT is not a regressive tax. I have never heard anything like it, and it took my breath away when I recalled that my Liberal Democrat opponent in the general election made it clear on every hustings where I appeared with him that increasing VAT was not something that the Liberal Democrats would support. He constantly attacked the Conservatives for the fact that, whenever they have been in government, they have always put up VAT.

The main reason that I wish to speak in this debate is the growing anger—not only in my constituency of Kingston upon Hull North, but in vast swathes of the north of England—at the coalition's policies so far announced and those in the Budget statement yesterday. Many of the policies that the coalition Government have proposed to the British people have no mandate—obviously, the deal was done after 6 May—and the electorate, particularly Liberal Democrat voters, feel misled, betrayed and disfranchised. When I talk to people in my constituency, they tell me that they did not vote for many of the polices proposed in recent weeks and yesterday. In fact, they feel that they were not given the opportunity to vote on the very policies that the coalition Government have proposed. As I have indicated, the Liberal Democrats sought election clearly on the mandate that they would not let cuts come during this financial year and that they were against VAT increases, but look at them now.

John Thurso: May I reassure the hon. Lady that I have spent a great deal of time talking to my constituents since the Government were formed and that the only thing that they wish to express is their overwhelming relief that the Labour party is no longer in government?

Diana R. Johnson: If the hon. Gentleman talks to the electorate in Yorkshire, he will find they express a different view. He might also find that the views of his electorate have changed considerably since they heard the Budget.

Angela Smith: To underline that point, I am sure that my hon. Friend understands the feelings of the people of Sheffield. They write to the local newspaper every day to say that the Deputy Prime Minister will pay the price.

Diana R. Johnson: That is absolutely right. We have seen a political blind date, but we should not worry because it is clear that Dave agrees with Nick, and that Nick agrees with Dave, so perhaps it will be okay in the end.

There are a few measures in the Budget that I can support, such as the change to capital gains tax and the bankers levy, although I am surprised that the levy will raise only about £2 billion because I think we could raise much more. However, the broad thrust of the Budget is very bad news for my constituents. Hull North will see more individuals out of work, with people's opportunities wrecked and a decline in their quality of life. The programme of fighting child poverty and inequality will go backwards, not forwards, and there will be big problems in health and housing. Most importantly, wealth creation and enterprise will suffer in Yorkshire.

I want to talk about four things in particular: the rewriting of the history of the economic situation by the Conservatives and Lib Dems; the dogma that drives

the Budget; my constituency, and Yorkshire and the Humber; and Labour's approach to dealing with the economic situation in which we find ourselves.

I am worried by the rewriting of the economic history of the recession and the falsification of the cause of the deficit. We know that the Prime Minister is familiar with airbrushing, and his deputy routinely airbrushes away more than 100 years of his party's history when it suits him. The deficit was caused not by big government, but by big greed. Bankers and international speculators are at its root.

In 2006 and 2007, I was fortunate to be the Parliamentary Private Secretary to the then Chief Secretary to the Treasury, my right hon. Friend the Member for East Ham (Stephen Timms), whom I was pleased to see back in the Chamber today. During that time, early work was being carried out on the current 2008 to 2011 public spending period. We had enjoyed a decade of low inflation, steady growth and falling unemployment, and there was no serious deficit problem. At that time, the present Prime Minister and Chancellor used a soundbite about sharing the proceeds of growth. They also said that they wanted to match the Labour Government's spending plans up to 2011, as they kept saying until the end of 2008.

We all realised at that time that the spending round would need to be tighter than the one immediately after the millennium, but the adjustment was not remotely on the scale of the deficit in the public finances that opened up from 2008. The events of the two years that followed came about because of the greed-fuelled banking crisis that tipped the world into the worst recession since the 1930s. It is wrong to airbrush out what happened, to blame the problem on big government, and to be oblivious to the fact that public services are important not just for fighting poverty and inequality, and for providing opportunity, but for an efficient, growing, modern economy. Since the middle of 2007, taxpayers have had to pay to rescue the banking system—and not just in Britain—but now hard-working families and public service workers are being asked to pay again because of the greed of the bankers and the speculators.

The Budget is driven by dogma, not good housekeeping. It cuts too early and too deep, and it will hold back growth, which my party saw as the main engine for cutting the deficit. We know that further cuts will follow, including departmental cuts of up to 25%, but I think that the coalition Government will make further cuts again and again, meaning that we have a spiral of cuts and debt.

When Labour was in office, the Chancellor berated our Government for not mending the roof while the sun was shining, but it now seems that he is up the ladder removing the slates as the storm clouds of a double-dip recession gather on the horizon. In Hull, we need public services and investment. They are important to the local economy. The coalition cuts, however, will harm our quality of life. The Tories said in the past—I think that they still say this—that mass unemployment is a price worth paying. The market zealots on the Government Benches who said for years that they wanted less regulation of the markets and smaller government are now getting their way.

Mr Ellwood: I am sad to hear the hon. Lady advocate a double-dip recession so early in a new Parliament. The public do not want to hear those sorts of words. We need to get behind the Government and allow the coalition to do its job. I would like to ask her who was responsible for allowing Bradford & Bingley to give away 125% mortgages? Who was responsible for removing regulations in the banking industry in the late 1990s and thus allowing banks to lend people money in ways that they did not understand and when the payments could not be afforded?

Diana R. Johnson: I remind the hon. Gentleman that Conservative Members vociferously argued in the House year after year that there should be less regulation of the financial markets. They criticised the Labour Chancellor and Government for the regulations that they introduced. The hon. Gentleman has a rather selective memory of his party's position in the late 1990s.

I fear that Yorkshire and the Humber will bear the brunt of the majority of cuts that come out of the Budget. I am pleased that my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith) is in the Chamber. She has been a powerful advocate for her city of Sheffield and wanted to ensure that the sensible arrangements that the Labour Government put in place for Sheffield Forgemasters went ahead. It is shocking that the coalition Government have refused to continue the process. Sheffield Members are making a strong case for the assistance, so it is a shame that the Deputy Prime Minister is out of step with his city colleagues.

Angela Smith: Will my hon. Friend comment on the fact that the investment offered by the previous Government was covered by an equity stake from Westinghouse, one of the world's largest nuclear industry companies? Given that that stake reduced the financial risk to the Government, the earlier comments made by the Secretary of State for Business, Innovation and Skills were entirely incorrect.

Diana R. Johnson: I am sure that that is absolutely right. I must give credit to our civil service. Civil servants advise Ministers and respect the decisions that they make, but the civil service would have been clear if it thought that the assistance should not go ahead because public money would not be protected as fully as it should be.

I was surprised by the vague way in which the Business Secretary talked about the opportunities that his Department will make available in the regions. He cited just two examples: an incentive on national insurance contributions for small businesses and a proposed fund to be distributed in the regions. There were no details of the fund, however, and it is unsatisfactory that businesses and enterprises in Yorkshire and the Humber have to wait to find out what money might be available to them. That is not good government.

I am sorry that the Business Secretary is not in his place, but perhaps I will get some answers to my questions. First, in view of the cuts to Yorkshire Forward, the regional development agency, and the demise of Hull Forward, and given that the Liberal Democrat-controlled council in Hull does not have a great record on regeneration and moving quickly and effectively, how will we be able to promote investment in my city, which still needs public investment to go in, year on year?

Secondly, what will happen to opportunities for those not in education, employment or training with the end of the future jobs fund and cuts to university places?

[Diana R. Johnson]

I have the great pleasure of the university of Hull being slap-bang in the middle of my constituency. I am worried about local youngsters in particular not being able to access their local university.

How will the region's construction sector fare, with council house building schemes being cancelled, road schemes threatened and questions still to be answered about flood defence and protection work? Despite the promised good news on port ratings, will the Humber actually get the investment that the Labour Government had identified for the Hull port area and the use of the site for wind turbine manufacturing? That is under review by the coalition, which is worrying, because it might well put off businesses coming to Hull. With the Typhoon fighter project's future uncertain, what will happen to the skilled jobs at BAE Systems at Brough?

I see other hon. Members from the Yorkshire and the Humber region in the Chamber. What about the reduction or elimination of the Humber bridge tolls, which we were so close to achieving under the previous Government? Those are all questions that will affect the economic viability of Yorkshire and the Humber, and I want some answers.

Andrew Percy (Brigg and Goole) (Con): I was previously a councillor in the hon. Lady's constituency, so I consider her a friend. I was interested to hear that we were close to eliminating the bridge tolls. Exactly where had the money for that been identified? Will she confirm that the study started by the previous Government is continuing? To give the impression that nothing is happening on the Humber bridge tolls is not fair. I would very much like an answer to my first question, because some of us think that the previous Government started to talk about the Humber bridge simply because an election was coming.

Diana R. Johnson: The hon. Gentleman does a disservice to the fact that long before the general election, there was cross-party working by hon. Members on both sides of the House to make the economic case for reducing the Humber bridge tolls. He will know that the then Transport Minister, my right hon. Friend the Member for Tooting (Sadiq Khan), had decided not to allow the increase in the tolls and a review was being conducted of whether the toll could be reduced to £1. All I was doing was questioning what was going to happen, and I would be grateful if the coalition partners threw some light on the subject. I am sure that all hon. Members are keen to get a satisfactory resolution to that ongoing problem.

I have a few comments to make about what Labour would have done, had we secured a majority at the election. It is clear—the shadow Chancellor made it clear—that of course we need to get the deficit down. Before the election we had legislated to say that we would halve the deficit within four years, and in the Departments work was being done to identify where reductions could be made. I was in the Department for Children, Schools and Families, so I know that areas had been clearly identified, and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson) told me that clearly identified savings had been put together in the Home Office. It is wrong to say that the Labour Government had not started work; however, we made it clear that we had to wait until the growth in the economy was secure.

A key issue that the coalition Government have to grapple with is the fact that just making cuts across the board is not the sensible approach. We need to think about what policies we can introduce to spend and invest now so that we can ensure that we save in future. One of the policies very dear to my heart is healthy free school meals, which piloted in Hull but was slashed by the Lib Dem council without the evidence being evaluated. I believe that there is an economic case to be made. Investing in children early on, making sure that they eat healthily and well and do as well as they can in their education, will reap benefits for us as a society later on. I was disappointed to see that the extension of the free school meals pilot has been abandoned by the coalition Government, as well as the extension of eligibility to those in receipt of working families tax credit, which would have made more families eligible to get free school meals for their children. That is very short sighted.

By cutting too deep and too early, we will risk jobs—jobs in Hull, jobs in Yorkshire and the Humber, and jobs nationally. We will have higher welfare costs and less tax revenue. Growth will be suppressed and I think that the deficit will be much worse.

Geoffrey Clifton-Brown: The hon. Lady has spent her entire speech carping about my right hon. Friend the Chancellor's Budget. Can she not at least welcome the large regional fund that is to be set up, through which funding will probably come to her area and which may well benefit her constituents by providing jobs?

Diana R. Johnson: I do not know—there is no detail. We have had vague promises from Ministers about what the regions will get, but no detail. I cannot explain to business men and entrepreneurs in my constituency where the money is coming from to support and incubate their businesses. As far as I am concerned, this is all hot air. *[Interruption.]* Wait and see? Businesses in my constituency cannot do that. They need to know whether there is to be investment and support. If the coalition Government are serious about supporting the economy in the regions, they should have had their proposals and policies ready for yesterday's debate and been able to explain what money is available to people in the north.

The welfare reforms and the tax changes announced yesterday will cause great problems in my constituency. Although basic rate taxpayers are promised an extra £170 a year in income tax allowance, that will be far outweighed by the VAT increase to 20% from 4 January next year. We have heard at length about the Lib Dem election campaign poster saying that there would be a Tory VAT bombshell, but the Deputy Prime Minister—bless him!—has done another U-turn that takes his party to a new level of opportunism. That regressive tax on growth will cost the average household £425 a year. That is without counting the other regressive changes in things such as housing benefit, child benefit and child trust funds and the disgraceful scrapping of the health in pregnancy grant.

As my right hon. Friend the Member for Kingston upon Hull West and Hessle told the Prime Minister and the Deputy Prime Minister—the self-righteous brothers—they are leading this Government and repeating the PR mantra, "We're all in it together," but some parts of our country will be altogether more in it than others.

A party that has never been known for sharing wealth and opportunity fairly is very keen to share austerity with everyone.

This past month shows that we have replaced a one-nation Government with a coalition of the two oldest parties, representing the misconceived interests of the privileged classes in this country. My constituents in Hull North, Bransholme, Orchard Park and similar areas, who need public support and public investment to give them the opportunities that, through no fault of their own, they lack, will suffer because of this Budget and this coalition Government.

2.39 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I congratulate you on your election, Mr Deputy Speaker. This is the first time I have spoken with you in the Chair.

First, let me respond to the hon. Member for Kingston upon Hull North (Diana R. Johnson). The thrust of her speech was almost entirely, "It's the banks wot done it," whereas her party, although in government, did not have a great deal of responsibility. She is right in that the major part of the crisis was brought to a head by the irresponsibility of the banking community throughout the world, especially in the UK, but she is not right to ascribe the whole crisis to that one cause, because there are two more that must be taken into account. Probably the most important—it has driven many of the problems in the economy—is the imbalances in the world economy. I served on the Treasury Committee in the last Parliament, and even before Northern Rock, that was something to which Members from all parties were drawing attention. There is a major structural problem in the world economy, and because of our particular weakness in relation to the financial sector, we suffered more than others.

The second thing that has to be taken into account is the amount of debt in the economy. The point is extremely well made by the chart on page 7, which sets out that relationship, so that one can see the inexorable rise of debt in the financial sector in comparison with debt in non-financial companies and households. If I remember the figures correctly, over the past 50 years or so, the consolidated balance sheet of the financial industry has gone from roughly half of GDP to five times GDP. That is the core of the problem: at every level in society we have been living beyond our means, and it is necessary to deal with that.

I want to focus mainly on enterprise, growth and rebalancing the economy, but I should like to make one or two general points about the Budget as a whole. The right hon. Member for Edinburgh South West (Mr Darling) is not in the Chamber now, but having shadowed him as a Minister in several Departments in the last two Parliaments, and having dealt with him in the Treasury Committee, I have great respect for him, and I echo the remarks of my right hon. Friend the Secretary of State for Business, Innovation and Skills about his integrity. He was given a hospital pass when he accepted the keys to No. 11, and it is to his credit that he managed to stay on his feet. None the less there have been some significant mistakes, to which I shall allude.

Looking at the Budget as a whole, I ask myself two questions. First, how would I feel about the Budget if I were sitting in my old home on the Opposition Benches? Secondly, how would I feel about the Budget if I were sitting on the Government Benches supporting a wholly Liberal Democrat Government? We can all have aspirations. Let me answer the first question. I would feel extremely cross, deeply angry and irritated, because I would see a Budget that contained a mass of things for which I had just campaigned and which I had proposed to my constituents as things I wanted to do in government—so I would have been sitting on the Opposition Benches powerless, while whoever was in government was introducing all the measures for which I had fought. I would say to myself, "How on earth do I oppose that?" but I would not be able to come up with much of an answer.

Angela Smith: I wonder therefore whether the hon. Gentleman campaigned against Lib Dem policy in the election, and campaigned for massive cuts to the economy now rather than later.

John Thurso: As a matter of fact, given my experience on the Treasury Committee, I was extremely careful about what I said. I stated my preferences, but I also stated the principles underlying them; I shall come on to that in a moment. First, however, let me answer my second rhetorical question, which requires a little more consideration. The first thing that I would look at—this pertains to what the hon. Lady was asking—would be whether the deficit needs to be dealt with now in depth. I shall draw guidance from my experience as a member of the Treasury Committee and from my own experience of rescuing nearly bankrupt companies in the past.

In past three years or so on the Select Committee, I observed how often Members in all parts of the House were behind the curve in estimating the scale of the problem. When we looked at Northern Rock in our report "The run on the Rock", it took time to perceive not only the scale of what happened at that institution but the fact that it was a precursor or early symptom of what was to come later in 2008. I remember the Governor telling us quite late in 2008 how this was a financial crisis that he hoped would not get into the real economy. Looking back, one has to say that that was a false hope.

Huw Irranca-Davies: I share the hon. Gentleman's frustration, as many people were behind the curve, but one person who was not is "Danny" Blanchflower, the economist, who spotted it coming, identified it and sent out the warning signals. We, collectively, were not listening. He is now warning, "Cut hard and deep and you'll send the recession backwards." Should we listen to him?

John Thurso: We should certainly listen to "Danny" Blanchflower, for whom I have great respect. He gave evidence to the Select Committee on several occasions, and he is one of a number of voices that we should— *[Interruption.]* Absolutely—it was David Blanchflower's nickname at the time. We should certainly listen to him, but we should also listen to all the evidence. He was, on that occasion, more right. I am not persuaded, having heard other voices, that he is entirely right now—but he does highlight a danger, and we should certainly not disregard that. Across the piece, as the hon. Gentleman acknowledged, we did not appreciate the scale of what was coming.

[John Thurso]

When I look at what was happening in the early part of this year, my instinct would be to cut the least possible, and to stimulate growth as much as possible. However, there comes a point at which we have to deal with what is before us, rather than what we hoped might be before us. It became clear during the election—and I remember making this point at an all-party hustings—that throughout Europe it was a very different ball game from the one with which we had all been dealing just three, four, or five weeks before, and that we needed to take that into account.

I am therefore predisposed to assume the worst, and to look hard at the core problem. The next piece of guidance derives from my experience of running companies in the hospitality industry. I am not for a moment saying that the relatively small companies that I ran bear comparison to a country, but some of the principles do. I remember taking over two companies that were essentially bankrupt. If the owning shareholders had not guaranteed the finance, they would have gone into administration. In both cases, my job was to turn them round, and I heard arguments about how I should get hold of money and invest it on the one hand, or how I should redress the costs of the company on the other.

When people do not have money—the piggybank is empty, and it is difficult to get money from the banks—they have no choice but to live within their means. I learned that by stabilising company expenditure, and forgoing some investment for the future, I could produce a more stable enterprise. It is the same with this country and the balance of risk. The risk, on the one hand, of failing to take action is that we seriously run out of money, our credit rating is reduced, our borrowing costs go up, and we end up spending far more on debt interest than on health, education or defence. Something would then be imposed on us, as happened with the Labour Government in the 1970s. The risk on the other side is that if we cut too quickly, growth will be stifled and we will take longer to come out of our current situation. Balancing those two risks, I believe that the risk is greater if we do not deal with the deficit, so it needs to be dealt with.

Secondly, is the Budget fair? My right hon. Friend the Secretary of State for Business, Innovation and Skills made an extremely good case for demonstrating that it is—in as much as any pain can be fair. I would far rather be standing here supporting a Budget that gave people lots of money. That would be lovely, but, as the Labour Chief Secretary to the Treasury said, there is no money. So we have to be prudent, and that means that we have to share the pain. The whole point is that everybody will suffer, but we have to ensure that the suffering falls least on the most vulnerable, and most on those who can afford it. Charts A1, A2 and A3 in the Red Book set out exactly how the suffering will fall, and it is perfectly clear from them that those at the bottom will bear the least pain and those at the top bear most.

In my constituency average earnings are £21,000, and table A1 on page 64 shows that after the Budget somebody on £20,000 will be £170 better off, given the amount of income tax and national insurance that they pay. They will pay £170 less than they would have done. Table A2 shows that they will receive £145 less in family tax credit, but when we put the two amounts together we see that they will still be £25 better off. That is not a large amount of money, but it makes the point that if we take the Budget in the round, including VAT, which nobody can deny is regressive on its own, we clearly find that the pain is shared, and felt less by those at the bottom than by those at the top. So I conclude that the Budget is fair.

I welcome the Budget. It is not one that I would have liked to have to support. I would have liked to see the coffers full, and to be able to be nice to people—but in the circumstance this is the right Budget, and it is fair.

Owen Smith (Pontypridd) (Lab): Will the hon. Gentleman not also reflect on the fact that those tables do not capture the punitive effect of the forthcoming 25% cut in non-ring-fenced public services on people who most rely on benefits and public services? Those elements in the tables and in the Budget do not really take into account—in the round, as he puts it—the full impact of the cuts that we will see.

John Thurso: The hon. Gentleman makes a very good point. Broadly speaking, 20% to 25% cuts are going to be introduced in this autumn's spending review, and we will need to look at that. However, I find it difficult to take lessons on that from a party that introduced £40 billion of cuts without a single centime being allocated to anything whatever. That is like a bankrupt father promising his children a sackful of presents at Christmas as the bailiffs wheel him out on Christmas eve: it is deeply irresponsible.

Let me turn to the specific measures. I absolutely must commend the Government on their commitment to consider a pilot scheme for a remote rural fuel discount, because year in, year out I made that proposal from the Opposition Benches and the previous Government compared it to the cost of beer and all sorts of other things. My friends in the Conservative party chose to wait and see what would happen, and I am delighted that they did so, because they now agree that my measure should be considered, for which I thank them warmly.

On enterprise, it is critical that we rebalance the economy. First, we must achieve a rebalancing whereby there is more private sector and less public sector. That does not mean that the public sector has to shrink; the private sector has to grow to support the public sector. Secondly, we absolutely have to move our economy away from an utter dependence on financial services, which delivered 25% of tax revenue three years ago, and towards manufacturing industries and technologies and skills-based industries throughout the regions of the United Kingdom.

I am glad that the Government will continue with and enhance the enterprise finance guarantee scheme. However, the scheme has one flaw, which I have highlighted many times: the Catch-22 situation whereby the banks that do not lend then decide whether to include an enterprise in the scheme. There must be some way in which the banks' decisions can be reviewed.

I also commend my right hon. Friend on the action being taken to get non-bank finance into small and medium-sized businesses, but may I gently ask my friends who are now on the Front Bench to look at the papers that I wrote—they were in the Liberal Democrat manifesto—on enterprise funds, and consider whether some of those ideas might help to address how we get equity funding into small businesses? May I also stress

the importance of the regional growth funds and express the hope that the details of them and how they will work will be brought forward quickly? The concepts of an infrastructure bank and a green investment bank should be brought forward as rapidly as possible, too.

Having looked at the Budget, I conclude that it is not one that I particularly like to see brought in, but it is necessary. There is pain, and it has to be borne, but the Budget is equitable in that the pain falls least on those who have least. Notwithstanding my personal regard for the shadow Chancellor, I really cannot take lessons from him or his party, having listened for nine years from the Opposition Benches to their boasts about the end of boom and bust. We now know that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) was the father of all booms and the mother of all busts. That much-vaunted child, prudence, is lying battered, bloody and bruised in the gutter—and it is this Government who will take her out and restore to health.

2.58 pm

Jim Shannon (Strangford) (DUP): Thank you for calling me, Mr Deputy Speaker. May I, too, congratulate you on being elevated to the position of Deputy Speaker?

Before I came to the House today, I thought about what was I going to say, and I was mindful of that saying, "Whenever the clouds are on the horizon, you can either shelter from the storm or run with the wind." I am conscious that this Government are doing more sheltering from the storm. The question for us, as elected representatives at Westminster, and for our constituents is: is there somewhere to shelter? That is what I shall comment on, but I am also conscious of the comments that I make. I always try to make constructive comments, because that is my nature, but I shall also underline some concerns that I, as an elected representative and MP, believe I am duty bound to mention.

In Northern Ireland, and in Strangford, which I represent, there is a very clear tightening of the belt. The marks are already there, and I just wonder how tight the belt will be by the time the Budget is eventually farmed out to all parts of the United Kingdom and all Departments. We in Northern Ireland are mindful of that in relation to the block budget.

I am very conscious also of the serious economic state that we are in. I am not ignoring it, and neither are the people of the United Kingdom. We all recognise that drastic measures need to be taken, but I have to ask: are they being taken in the right place and taken correctly, and will they adversely affect my constituents and, indeed, those of many other hon. Members who have spoken today? I recognise the need for health and perhaps international development to be ring-fenced, and that the Budget will not necessarily affect those areas. There is some talk about education, or at least some parts of it, remaining untouched as well, but in that case there will have to be cuts in other Departments.

I recognise that this House is very supportive and proud of the armed services as they fight in Afghanistan, Iraq and all over the world. Is a 25% cut in defence fair? The Prime Minister has given a commitment to the soldiers on the front line, wherever the war is taking place. However, if there is to be a 25% cut in defence, someone has to feel the pinch and the pain, and if it is not the soldiers on the front line—and it should not be—it has to be those at home. I am pleased that the cut will not affect the front line, but concerned about how it will affect other areas. Will it mean that commanders are pensioned off? Will it affect the MOD in buying equipment? The MOD will look for the best prices, as it probably should, but we do not want spending to be diminished in such a way that its position is undermined.

The cadet forces make a significant contribution across the whole United Kingdom, but particularly in Northern Ireland. It is very important for us in Northern Ireland to have cadet forces that bring the communities together. We have tried to achieve that for years, and we are now seeing the partnership begin to work better than it ever has before. Cadet forces, by their very nature, are drawn from both communities. There are more people from the Roman Catholic side of the community in the cadet forces in Londonderry, which the hon. Member for Foyle (Mark Durkan) represents, as well as in Limavady, Enniskillen and Strabane. That has come about because joining the cadet forces has been attractive to young boys and girls, who recognise that some day they will want to serve in the British Army and the other services, including the Royal Air Force.

I want to highlight lone parents. I welcome the fact that the Government want to encourage them back to work; I think we all want to do that. However, when they have the opportunity to do so, we want them to have the jobs to go to. It is great to have this support in theory, but how does it come about in reality? Do the people have jobs, and are there opportunities and options? I am not sure that there are. I am concerned about the Government's position.

Mark Durkan (Foyle) (SDLP): The hon. Gentleman makes an important point. Does he accept that many of us represent constituencies with large numbers of single parents who are doing valiant work as parents, and that for them the problem is not a lack of work ethic but a lack of work?

Jim Shannon: I thank the hon. Gentleman for his intervention; I wholeheartedly agree with his comments. It is all very well to have the theory of getting lone parents back to work, but if the jobs are not there, that theory is undermined. The Government must consider that.

In Northern Ireland, some 60% of jobs are in the public sector or public sector-dependent. I said this in my maiden speech a fortnight or so ago, but I will say it again because it is very important. I understand that the Government's pledge is to increase private sector jobs and build up that area. However, before anything changes in the public sector, there has to be a private sector that fills the gap, so that those opportunities are there.

I turn to the 2.5% rise in VAT. In the area that I represent, there are a great many small and medium-sized businesses, which by their very nature create a lot of jobs collectively. Individually, that may amount to three, four or five jobs in a family business, but collectively they run into many hundreds, probably thousands. Although the rise is not going to kick in until January 2011, it causes great concern for the area that I represent, and specifically for businesses. Some small businesses may be hanging on by the skin of their teeth, and finding it very hard to get through difficult times, while looking ahead to perhaps another two, three or four

[Jim Shannon]

years of austerity and the associated difficulties. Many businesses will try to absorb the VAT increase rather than pass on the extra prices, which they cannot do—not because they do not want to, but because they cannot do it in the competitive market that they are in. They have to try to take on large multinational businesses that have a bigger market and can therefore absorb such costs.

David Simpson (Upper Bann) (DUP): Does my hon. Friend agree that one of the biggest hindrances for small businesses across the whole United Kingdom, including Northern Ireland, is the level of bureaucracy and red tape that they have to handle, as they are very much hands-on operations? The new coalition Government have promised to remove that, and we need to see the evidence very quickly.

Jim Shannon: I thank my hon. Friend. I wholeheartedly agree, and I can give examples. I represent a very rural constituency. A questionnaire was recently put out to the farming community asking people about the biggest problem they had. They said that it was red tape and bureaucracy. The same applies to those in the fishing industry and those who have small businesses. It seems to be coming at them left, right and centre. Europe has an influence as well. That issue must be addressed very soon.

Let me turn to the position of pensioners. As representatives, we have an opportunity to really feel for people and to see issues they face. My area, like many others, boasts an increasing population of elderly people, and will have its greatest ever number of pensioners in coming years. I am very conscious of how pensioners budget, and how they will cope with a VAT increase on the products that they buy just to keep living. That is extra money that they have to find. Has consideration been given to how the increase will affect pensioners specifically?

There has to be good news in everything, like the curate's egg that is good in parts. It is hard to find enough good parts in this curate's egg, but that is by the way. The fact that the income tax threshold has been raised by £1,000 is good news—I give credit where credit is due. It will benefit some households to the tune of £175, at least, and perhaps more elsewhere.

At the same time, however, there is a negative factor: child benefit will not rise for three years in line with inflation. People will say, "Well, that's how things are, and that's how it has to happen." As someone who keeps his ear close to the ground and understands how these things work—I was not born with a silver spoon in my mouth, and I know how difficult it is for people to make do—I understand that the child tax credit and the working tax credit are critical. Many people visit my office and advice centre, just as they visit many other Members, and I can see what is involved in balancing the books and working out the weekly family budget. These people do not live beyond their means by any standard, but they require tax credits just to survive.

My provincial press today—I bought the papers this morning—gave five or six examples of people who will be affected. They included families with four children, single parents with two children, and some who are self-employed. Those people recognise the need for something to be done, but they do not feel particularly in tune with its impact on them. That concerns me, and I have to put it on the record. None of those half a dozen examples in the provincial press or the *Belfast Telegraph* involved people who would not feel pain over the coming period.

The Government encouraged people to take up tax credits, and they enjoyed a certain quality of life as a result. All of a sudden, that could change. I should like to say something about those in the middle class bracket. When someone is on £35,000 to £40,000 a year, we sometimes think they are doing all right, but half that income might go on their mortgage, and people's hopes for their children and communities are in their houses. I am concerned about the impact on such families of reducing or freezing working tax credits or child tax credits over a three-year period.

The one great commodity over which international wars have been fought—there will probably be many more of them—is oil. The price of oil today is $77.55 a barrel, and prices for oil, diesel and petrol were at their highest three years ago, when a barrel cost $147. Who makes the extra money and extra profit, and how? Clearly, someone is making it. The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) referred to the concessionary fuel scheme in his area. I represent a rural area, so I would be keen to know how that works. Perhaps the Government should consider reducing fuel duty to enable people to get over the hard times much more easily than in the past. Elderly people struggle to fill their tanks with oil.

For the fishing industry at Portavogie, which is an important part of Strangford, fuel costs represent 60% of the boats' running costs. A great many of those fishermen are having difficulty getting through the times they face at this moment. There is some talk about European funding, but there have been delays. The hardships that the fishing industry faces are critical, and it may not survive.

I welcome the Government's commitment to reduce corporation tax from 28% to 24%, which is significant. Last week, I met bank officials in my town, and they outlined the measures they would like. By and large, the Government have reflected what the banks wanted. However, what the banks want is not always best, as we have seen over the past year or two. The reduction in corporation tax is good news. The Government have realised that businesses need that help. The Chancellor stated that that is the lowest rate in any major western economy and the best rate in the G20, but the Republic of Ireland's corporation tax is 12%. As Northern Ireland has a land border with the Republic, I suggest that corporation tax should be looked at more sympathetically for us than elsewhere.

Businesses are very conscious of corporation tax. I have met a number of business people in my area recently. Pritchitt Foods in Newtownards is one of the largest employers in the area, and corporation tax is the biggest factor for that company in trying to make its business work. It is a go-ahead, progressive firm that creates significant employment in my area. It feels that the 4% reduction will go part of the way to addressing its concerns. I have asked the Government about this matter, and I understand that they will be making a statement in October about corporation tax in Northern Ireland. I look forward to seeing whether we can have a

further reduction, which would help us. We also have the largest energy costs in the whole United Kingdom. I suggest that that also needs to be offset and considered.

I could not let this occasion pass without commenting on child poverty. Wearing my other hat as an Assembly Member in Northern Ireland, I had the opportunity to contribute to an inquiry on the underlying issues. Some 20% of children in Northern Ireland are deprived through poverty. What will happen to those who find themselves in child poverty over the next couple of years? There is some £80 per household for children in Northern Ireland, as against £600 in other parts of the United Kingdom, so child poverty will be much more important to us.

The next days and months will tell us clearly what impact the Budget will have. I am concerned that the welfare savings of £11 billion will devastate the poor. Will the Chancellor look seriously at that?

I think that England and Slovenia have been playing for 15 minutes—I do not know what the score is—and am mindful that some Members will wish to see what is happening, but I want to make one last point, on disability living allowance. When I read of the DLA changes, I was exasperated and deeply concerned, because I felt that they were a direct attack on those who can least face up to such an attack. There are some delays in relation to how the system will be run. Many of the cases that I have fought as an elected representative have been on behalf of those who need DLA—those who have mobility problems, who are getting over cancer operations or who have immobilising diseases. Such cases have involved those with heart problems, and many involve people who have extensive care needs.

Why target a section of the community who basically need that money more than anything else? Do the Government see savings? They may see savings, but I see the people and their needs, as a great many other hon. Members do. I ask the Government to reconsider, and to look carefully at whether they should pursue savings from those who receive DLA. Doing so will impact on a group of people who can least respond and deal with the financial implications. People who are on DLA focus on their health and how to get through the day, as do the people who care for them. If the Government add to that a financial burden by making it hard for them to receive their benefits, their health will be affected. I am not in the business of doing that, and I hope the Government are not.

I rest my case on that point, and I hope that my comments will be taken on board. The Budget delivers some things for us. I am not being critical of all of it, but I am critical of some measures. I ask the Government to take those matters on board. I hope that they will have some better ideas on DLA. We all have to work with the Budget—we cannot do so individually—but the Government need to take on board the needs of those who are less able to face the financial burdens that will come upon them.

3.19 pm

Mr Tobias Ellwood (Bournemouth East) (Con): I welcome you to your place, Mr Deputy Speaker. It is 20 minutes past 3, so I am surprised—but glad—to see you in your seat, because the England game against Slovenia has now started. I know that you have been to Slovenia many times, and it is great to see you here.

I pay tribute to the hon. Member for Strangford (Jim Shannon) on his passionate and balanced speech. I served in Northern Ireland and am aware not only of many of the challenges that hon. Members face over there, but of the opportunities. It is a pleasure to follow him, and I agree very much about the opportunities in the development and working of the cadets in bringing communities closer together. It is wonderful to see that initiative moving forward.

The hon. Member for Kingston upon Hull North (Diana R. Johnson), who has just walked out the Chamber, made an entirely negative speech. Yes, whichever party won the election would have faced challenges, but how can she stand there and simply demand more money for certain projects in certain parts of the country, without saying where it should come from? Labour Members have failed to understand the consequences of the election result. It was clear that nobody won, so why continue to look back at the manifestos of individual parties and ask, "Why are you now not doing this, or that?" We had to rise to the occasion and ask, "What is needed for the country?" We have to put aside our party differences and meet the challenge, which is to bring about stable government and leadership. The Liberal Democrats and the Conservatives were able to do that, but of course it meant a certain amount of compromise. So it is wrong to harp on about aspects of the manifesto and say, "Why haven't you included this? Why haven't you done that? You've gone against the people who voted for you."

Huw Irranca-Davies *rose*—

Owen Smith *rose*—

Mr Ellwood: I see that that has prompted a reaction from Labour Members.

Huw Irranca-Davies: Does the hon. Gentleman accept that in the election there was a fundamental divide over the approach to the economic recovery, which was encapsulated in the manifestos of the two main parties that lost—the Labour party and the Liberal Democrats? The Tories did not win outright either, but those two significant parties both, at the time, agreed with Nick and Vince that we had to delay making the cuts until the recovery was ensured.

Mr Ellwood: I am grateful for that intervention because it gives me licence to underline the fact that, if we are to move into a coalition, there needs to be agreement, and it is a tribute to the parties and the leaders that in a short period they achieved something that, in countries such as Belgium, takes 100 days—forming a coalition grouping while all the horse-trading takes place. Yes, there are compromises and changes that were not expected during the election. However, according to the polls the country supports what we are doing.

Owen Smith: Does the hon. Gentleman think it a minor omission that, although the Conservatives' manifesto said that they would not increase VAT, they have done exactly that and introduced an enormous £13 billion tax? There was no mention of that before, so should we trust their manifestos in future?

Mr Ellwood: Rather than leave a curt note on the desk of the Chief Secretary to the Treasury, we have given an indication of the real situation in the UK.

[Mr Ellwood]

Again, I underline the fact that there are aspects of the coalition agreement we perhaps were not expecting—that should be understood on both sides of the House. I fear that it will remain a Labour tactic to go on about this, perhaps to try to drive a wedge into the coalition. That is dangerous, out of touch and wrong, because the nation said to us, "We don't support any one party outright", but it approves of a coalition and the leadership, and the stability that they and this Budget are providing.

My hon. and good Friend the Member for Harrogate and Knaresborough (Andrew Jones) made an excellent maiden speech. He mentioned Guy Fawkes wandering through his constituency, and I am sure he will make just as big a bang in this place as Guy Fawkes did. I cannot mention Harrogate without also paying tribute to Betty's tea rooms. Those of us who have gone there for conferences will appreciate the delicacies that Betty's provides—I only wish that could be emulated here in the House. The hon. Member for Hemsworth (Jon Trickett), who also is no longer in his place, made the most Marxist speech I have heard in this place for many years. I was waiting to see how long it would be before Maggie was blamed for what has happened over the past 13 years—and that is what we got from him. I was astonished.

This emergency Budget is tough but necessary, difficult but unavoidable. It is not the time for timid steps in the hope that we can tiptoe our way out of recession. We needed a bold statement of intent, mapping out a clear route to recovery and invigorating confidence in our businesses and markets. That is exactly what we got. Three main themes run through the Budget and Red Book. The first is one of responsibility in reducing the deficit over the next five years, mostly through spending cuts but also, yes, through some tax rises. That is the price we must pay for Labour's incompetence and legacy.

Economic growth is the second theme. Measures taken in the Budget are designed to support businesses and stimulate growth, which will help to generate jobs as businesses are able to expand. That will mean cutting red tape, which will free businesses, because removing red tape is the same as introducing a tax cut but without reducing public revenue. It also means preventing Labour's job tax through a rise in national insurance, reducing corporation taxes and improving our infrastructure.

The third theme is fairness. Of course, we are in a period of austerity, but every part of society must make a contribution to paying off our debts. At the same time, however, we must protect the least well-off. Listening to some of the contributions from Opposition Members, one might think that no such initiatives were part of the Budget. However, we have ensured that those earning less than £21,000 in the public sector will not be subject to the pay freeze. We will see a £1,000 increase in the personal tax allowance for low and middle-income earners; and finally we will see a re-linking of the basic state pension and earnings—well overdue and promised for years by Labour, but never acted upon. We will also see a £2 billion commitment to child tax credits for the poorest families, helping to ensure that there is no increase in measured child poverty over the next few years.

These are the tough decisions we need to take. We have to do this to secure our financial markets and ensure that credit agencies do not lose confidence in Britain. If we do not, interest rates and inflation will rise, and that is what would lead to the dreaded double-dip recession. I am glad that our triple A rating is now secured, thanks to the Budget.

I will give the Labour Government their due: they acted promptly and expeditiously when the Northern Rock issue broke. But then what happened? We have been left with one of the worst economic inheritances imaginable. They racked up one of the biggest budget deficits in Europe. If that is not shocking enough, our borrowing amounts to unheard sums of money. They continued to live beyond their means, borrowing £1 for every £4 they spent, which led to the doubling of the national debt. I well remember Labour's last Budget, in March 2010. I was sitting in this Chamber waiting for the leadership, initiative and guidance to take us out of this mess. It was the Labour Government's last opportunity before the election to get us out of the mess they created, but it was more about the political, rather than the economic, cycle. The previous Chancellor went as far as announcing £40 billion of cuts, but he did not say where the axe would fall, so he managed to ring-fence a black hole, which was a first in this House.

Significantly, the Labour party really had nothing to say yesterday. The acting leader of the Labour party was almost like a rabbit in the headlights. Labour Members rolled out the same old line, which we have heard time and again—I am sure we will hear it again in the summation today—about "the same old Tories", thereby exhibiting an insane refusal to acknowledge the scale of the economic crisis. We have seen Labour Members attempting endlessly to promote and fight a class war with the Conservatives. That is the direction in which they are now trying to take us, avoiding any notion of mea culpa or of taking responsibility for the mistakes made in the lead-up to the current crisis. That illustrates how out of touch the Labour party has become.

Labour continues to argue that we cannot rip the money out of the economy—through the cuts, the increases, and so forth—and also achieve growth, but I believe that we can. We need to give business and the private sector the space to breathe by reducing national insurance and corporation tax. Those are the measures we need to take. That is what will help us to avoid going into a double-dip recession, allowing our businesses to thrive and employment to grow. Labour's tactic—I am worried about this, because I understand that the unions bankroll Labour to the tune of 60%—is to fight the public sector cuts. That is what we will see as things move forward: these astonishing arguments why, unlike any other part of our society, the public sector should somehow be ring-fenced and not have to share some of the economic pain we are experiencing.

The unions are clearly looking for a fight. I pay tribute to the nurses, doctors, teachers, train drivers—all those who work hard—but let us look at who is now taking over some of the unions: Dave Prentis from Unison, who has pledged to fight the cuts; Christine Blower from the National Union of Teachers, who has enthusiasm for industrial action of some form, as she has made clear; and Paul Kenny from the GMB. Then there is the Unite leader, Len McCluskey—we have all seen what he has done to British Airways—who is seeking re-election. If he gets re-elected, the consequence will be strike after strike, because the public sector unions—not the members, but the unions—do not recognise that we are all in this together.

Labour's tactic is to blame the global downturn. We hear this all the time: "It's not our fault; this is because of what happened right across the world." However, as I pointed out in an intervention, yes, we are exposed—perhaps more than other countries—because of the size of our financial services sector, which is one of the biggest in the world. That is accepted, but we cannot get away from the fact that the previous Government changed the rules, making it unclear who was responsible for the City back in the late 1990s. That is why we got into the position where banks were lending money they did not have to people who did not understand the situation, and in ways that meant that they could not pay it back. That is what led to the current position.

We cannot blame Freddie Mac, Fannie Mae or the sub-prime market for the fact that, even up to about two years ago, Bradford & Bingley was offering mortgages of more than 125% to people who clearly could not pay them back. I remember when I was at university wandering into Midland bank, as it then was, and seeking a mortgage. I was told that I had to cough up one third of the price of the house. What happened to that rule? It went, and that is why we ended up with more money than houses were worth being lent to people who could not pay it back. That is a British problem, not an international one, and that is what led to the crisis we face now.

I repeat my earlier point: I think Labour are going to adopt the tactic of trying to drive a wedge between the coalition by saying, "The Lib Dems said one thing in the election and the Tories said another." The nation will get bored of it. People want direction—they want leadership and stability—not harping back to what happened prior to the election.

Let us look at the numbers. Our focus is to try to balance the books by 2016. We will cut the structural budget deficit to zero in the next six years. That deficit represents the hole in the public finances that is not expected to be repaired by the economic recovery. That is why we need to take the initiative that we have. Let us look at what the shadow Chancellor has done. I asked him in an intervention whether he supports the Office for Budget Responsibility. I am pleased to say that for the first time, he placed it on the record that he does. However, it is difficult to take anything that he or anybody else on the Labour Front Bench says seriously, given that the OBR reviewed his figures and revised his growth forecast for 2011 from 3.25% to 2.6%.

Ms Angela Eagle (Wallasey) (Lab): As the hon. Gentleman is talking about the Office for Budget Responsibility and its forecasts, will he have the good grace to note that its recent deficit forecasts are considerably lower than those in the March Budget because more money has been collected in taxes? The deficit that the hon. Gentleman is obsessing about is actually 2% of GDP lower than the forecast in the March Budget. Will he have the decency to recognise the other side of the coin, as well as this side of it?

Mary Macleod (Brentford and Isleworth) (Con): The structural deficit is higher.

Mr Ellwood: As my hon. Friend the Member for Brentford and Isleworth (Mary Macleod) says from a sedentary position, the structural deficit is actually higher.

Let me deal now with total borrowing as stated by the Office for Budget Responsibility. This is now expected to fall by 2.1% of GDP by 2015, or by £37 billion, which is exactly half of what Labour were predicting, and to reach 1.1% by 2016.

Ms Eagle: I wonder whether the hon. Gentleman was listening to the question I asked him. Given that he is quoting one particular forecast from the Office for Budget Responsibility, will he have the good grace to say on the Floor of the House that the size of the current deficit is now 2% of GDP lower than we predicted in the March Budget? The situation in which we find ourselves is not a lot worse than we thought; it is better.

Mr Ellwood: The hon. Lady has put her point on the record. My argument is that it is difficult for us to take what the shadow Chancellor says seriously when he has been looking through rose-tinted glasses for the last 10 years. Time after time, either he or his predecessor, the former Prime Minister, came up with growth forecasts that were well out of touch with what was happening. That is what led us down the path of thinking that the economy was doing much better than it really was. *[Interruption.]* If the hon. Lady would stop talking, she would hear what I am saying. She must understand that if the previous Government had not kept on expressing the view that the economy was on the mend when it was not, they would have recognised the position and put in place corrections to stop the spending. The first point I made was the fact that her Government were living beyond their means, yet the hon. Lady still sits there and argues, without even having the grace or the courtesy to say sorry to the nation for the mess we are in.

Geoffrey Clifton-Brown: Is it not a bit rich for the hon. Member for Wallasey (Ms Eagle) to claim credit for the deficit not being as bad as we thought it would be when Labour had proposed £40 billion of cuts, but not one pound of them had been costed?

Mr Ellwood: My hon. Friend is absolutely right and makes a powerful point. Let us not forget that we are quibbling—well, not quibbling, but the hon. Lady is making an argument about pretty small sums of money if we consider that this country's total debt is £932 billion. That is a record across Europe, it really is. It currently stands at more than 62% of GDP and is forecast to peak at 70% by 2013-14 and finally to start to fall in 2015-16. This is shocking; it is a cost to the taxpayer to the tune of £43.3 billion in borrowing alone. That is more than the defence budget—an outrageous position to be in. Any business presenting figures like that would be labelled bankrupt.

The OBR forecasts that the UK economy will grow by 1.2% this year and 2.3% in 2011—not what was predicted, as Chancellor said. Unemployment is forecast to rise to a peak of 8.1% this year, while inflation is expected to peak at 2.7% by the end of the year before falling back to the 2% target. What has happened is that we have put in the initiatives to ensure that we keep a cap on unemployment, a cap on inflation and, most importantly, a cap on interest rates. As the markets and financiers agree, if interest rates were forced to go up higher, that is what would lead to the double-dip recession.

[Mr Ellwood]

Let me deal briefly with Europe. The Opposition now claim that we should not look over our shoulder at what is happening in Spain, Portugal or Greece, but I think it is wise to recognise the folly of what would have happened if Tony Blair had had his way when Labour were in power. I am still astonished that it has taken until, I think, last week to close the office of preparation for entering the euro. That is absolutely barmy. It is worth pointing out that if we had wanted to join the euro club, the maximum budget deficit would have been 3% of GDP in any year. In 2009, Greece's budget deficit was running at 13.6%. We came in at 11.2%, so there are some similarities.

It is recognised that the eurozone is in a mess because of trading patterns. After joining the club in 1999, Germany's exports to Greece increased by 133%, and the Germans are no doubt delighted about that. However, Greek exports to Germany increased by only 13%, so the system is one way. Not all those exports have been paid for, and that is probably why Germany feels obliged to help with the Greek debt situation. Part of the problem is also that the Mediterranean countries are not as open as they should be, and skewed the stats in order to join the club in the first place. That is why we were wise to stay out of the eurozone. With such huge fiscal disparities, the 16 economies that share the single currency face a massive reality check. In its current form, the euro could be finished.

Let me turn to specific Budget measures. I am pleased that the Office for Budget Responsibility has been created. I am also pleased by efforts to restore the pension link to earnings. My constituency has many elderly people, as does wider Dorset, and we have called for the measure for a long time. I also want to dismiss a myth from the election campaign that the Conservatives would get rid of winter fuel payments and free bus travel. Such scaremongering was completely out of order, and I am glad to say that the provisions are still in place.

Several hon. Members *rose—*

Mr Ellwood: Here we go again. I give way to the hon. Member for Ogmore (Huw Irranca-Davies).

Huw Irranca-Davies: I thank the hon. Gentleman for raising that point, because I heard his party on many occasions in opposition deride winter fuel payments, child tax credits and child trust funds as a waste of money. Therefore, it was reasonable for us to scare the horses, and it was right that the Prime Minister was forced to do a dramatic U-turn.

Mr Ellwood: The hon. Gentleman makes an interesting point. We all understand that things are said in the Chamber that perhaps cannot be said outside. During the election, however, the Prime Minister, my right hon. Friend the Member for Witney (Mr Cameron), made it very clear that we had no truck with the idea of getting rid of the winter fuel allowance or free bus passes. He even said that in the debate with the then Prime Minister, and yet Labour still put out scaremongering leaflets. When we get into election mode, let us have a bit more honesty. Does the hon. Gentleman wish to intervene again or has he given up?

I also welcome the freeze on council tax, and I am pleased that Bournemouth borough council has met the rules on that. It is important that there is a relationship to encourage local councils to take more responsibility for their own matters, but to get rewarded for that by Government.

I am pleased with the initiatives on small businesses. They make up 90% of our economy, and we need to look after them. In places such as the south-west and Bournemouth, tourism is important—it is our fifth biggest industry—and we do not do enough to support it. Benefit will come from the lowest ever corporation tax—the main rate has been cut from 28% to 24%—and the cut in the tax rate for small companies from 21% to 20%. There has also been an expansion of the loans guarantee system, without which many good companies were frustrated in getting money from the banks. I am pleased that the Treasury Front-Bench team has realised that.

Fat government will also be reduced. A 25% reduction over the next four years will be very difficult, but government became bloated and far too centralised under Labour. I look forward to a much simpler set-up that gives more power to communities.

This Budget is the most dramatic and far-reaching since the war. Balancing the books must be a priority, but even in these tough times the Budget promotes a cultural shift in Britain, encouraging the individual, the family, the community and the country to take responsibility. Ensuring that the banking sector and financial services are better regulated to avoid a repeat of the economic downturn is long overdue. This Budget is an ambitious effort to reduce the nation's borrowing and repair the damage created by the last Labour Government. Labour will no doubt claim that many of these radical measures can be avoided, while secretly knowing that, had they miraculously won the election, they would have had to implement the very same changes themselves.

Let me end by congratulating the Chancellor and his team on producing such a comprehensive and robust Budget. While recognising the difficulties that it will impose on the entire country, I believe that it is appropriate and overdue medicine to expedite Britain's way to recovery.

3.45 pm

Huw Irranca-Davies (Ogmore) (Lab): I have enjoyed the debate very much so far. It has exposed a fundamental division between our approaches to the question of how to emerge from the recession. Although it has been said that ideologies are dead, I think that it has exposed a fundamental division between our ideologies as well. What those ideologies and those approaches mean to me are the impact on a single mother on a council estate in my constituency or a pensioner who has put a bit away in a house at the top of Maesteg, and it is the same across the country.

I thank the hon. Member for Bournemouth East (Mr Ellwood) for reminding me just how vast the gap is between the ways in which we approach and understand the task of resolving the present situation. He began by asking us again to be "all in this together". I hope I shall be able to go some way towards explaining why I cannot join him in that mission.

I knew before the election that if we were unsuccessful and were not returned to government, we could expect this approach. I must say in fairness to the hon. Gentleman

and his colleagues—including the right hon. Member for Witney (Mr Cameron), who leads his party—that they were frank and upfront. We were not given the detail, but they said that this was what they would do. However, while I have a great deal of genuine respect for Members on the other side of the House—I am not trying to embarrass them—I did not expect that they would end up on this side of the fence when the moment came, and their action has disappointed me. It has exposed a division that will last in the Liberal Democrat party for a generation, which, from my perspective, is greatly to be regretted. I should have thought that we would still have some allies, as we did before the election, along with all the economists who are still saying that this is the wrong action to take.

I must apologise for confusing David Blanchflower and Danny Blanchflower, especially as there is, I understand, a football match going on somewhere at the moment. I am not a great football fan, although I wish England all the best. Unfortunately, Wales has not been in a major competition for about 54 years.

Bob Stewart (Beckenham) (Con): I just want to announce that the score is one-nil, and it is nearly half-time.

Huw Irranca-Davies: Well done England. Keep it going. I am sure that the hon. Gentleman will join me in wishing the Welsh team all the best in the repeat match against the All Blacks at the weekend.

I do not often get depressed in this place, but I was utterly depressed yesterday as the Budget statement approached, and not for the obvious reasons. First, I was depressed because we were sitting on the Opposition Benches. We will say what we can, and we will do our best to articulate a different vision of the best way forward and the practical measures that should be taken, but the truth is that we are now in opposition. Secondly, I was depressed because the members of the coalition appear to have closed their minds to any alternative argument. If they are right, and if in a year or two I see that my communities have not been damaged disproportionately by the measures that they are proposing, I will acknowledge that. However, I was surprised to note that—as has already been pointed out—the poverty commitment in the Budget extends for only two years.

Claire Perry (Devizes) (Con): Will the hon. Gentleman give way?

Huw Irranca-Davies: In a moment.

The previous Government had a long-standing commitment to tackling poverty, and, although they were not succeeding in everything, they were doing a great deal to lift people out of it. That commitment could have been one of the fundamental principles in the Budget even in a time of austerity—a time of "We're all in it together"—and not just for two years, but for the five years guaranteed by the 55% breakaway option. I hope that the hon. Lady will join me in saying to her Front Benchers, "Come forward with the figures that show that poverty is not going to increase for the five-year life of this Parliament."

Claire Perry: Thank you very much for giving way, and I am looking forward to hearing what else you have to say. What you have said so far would, however, have much more credibility if you had not represented a Government who tried a different approach for 13 years, with high-falutin' goals to reduce poverty to help your constituents, and who failed miserably in that. Is the hon. Gentleman truly saying that in his view there should be no cuts—that the broken economic model should roll on as before and that that is the way to repair the economy—or does he have some idea of where the cuts should have fallen?

Madam Deputy Speaker (Dawn Primarolo): Order. Before the hon. Gentleman replies, may I just say to the hon. Lady, first, that interventions are supposed to be brief—I hope that all Members will take note of that? Secondly, on the use of "you", may I remind the hon. Lady that her comments are not addressed to me in the Chair? Given that we have been back in the Chamber for quite some time now, I think Members need to come back to addressing each other correctly when putting questions.

Huw Irranca-Davies: My apologies, Madam Deputy Speaker, for not welcoming you to the Chair.

My answer to the hon. Lady's second question is: absolutely not. None of us can resile from the fact that there will need to be not just efficiencies, but cuts and prioritisation of projects and spending, and that will hurt. My fundamental point, which I shall return to in some detail shortly, is about how we do it and when we do it; the timing of it.

I have to say that I could not disagree more with the hon. Lady's earlier point, and neither could most of the child charities or the Joseph Rowntree Foundation. *[Interruption.]* Yes, we have had criticism for not going far enough, but I return to the remarks of the hon. Member for Strangford (Jim Shannon) about child tax credits. They can sometimes be complicated. I sometimes have constituents in my office who say, "Can you help me sort this out, because we have letters going back and forth?" I tell the hon. Member for Devizes (Claire Perry) this, however: none of my constituents would do without them because of the material difference they have made to them.

When I send my children to school, I know that if they come home and say they have a trip to go on and it will cost a fiver, a tenner or £20, I can say to them, "Don't you worry. I'm on an MP's salary; it'll be okay." I also know, however, that there are constituents of every Member in this House who will have to make the choice between putting groceries on the table and putting that money towards things such as school trips. So when the hon. Lady says this makes no difference, I can honestly say to her, "Go and look at the statistics. Go and look at the numbers of those who have been lifted out of absolute poverty under the previous Government." If she shares this commitment—as I am sure she does—I tell her to put the pressure on the coalition Government to make it clear before the summer what their poverty targets are, and not for two years, but for five years.

Mr David Evennett (Bexleyheath and Crayford) (Con): Will the hon. Gentleman give way?

Huw Irranca-Davies: I will make a little progress first, and then give way.

[Huw Irranca-Davies]

The question that we should be asking is: how does this country get itself out of the recession more quickly and in better shape, rebuilding manufacturing and the private sector, with minimum damage to society—to front-line services and vulnerable people and communities—and also while minimising job losses, because we have been there before? I have not always been an MP. I used to work in the private sector, and I went into lecturing. When I was a lecturer, three types of essay were put in front of me. There were the poor ones, and I would offer constructive advice and say, "You need to do this to get better." There were the essays that were done very well, and even then I said, "You need to tweak and adjust and do better." There were also the ones that had misunderstood the question. I noticed in the Budget statement yesterday that the headline issue was dealing with the sovereign debt crisis. That was repeated by the hon. Member for Bournemouth East today when he said that the priority is to ensure our financial status to ensure our credit status. Those things are vital, but surely it is at least equally important to avoid the situations that we had in the 80s and at other times. Measures such as the current proposals lead unnecessarily—this is a judgment issue—to greater unemployment than that mentioned in the Red Book. Such levels of unemployment would lead to greater damage to individuals and communities. I really hope that the Chancellor is correct in his approach and that the Liberal Democrats are supporting the right way forward, but I worry that we have seen this all before.

Let us look at some of the detail. The Government are going to adopt the consumer price index for the uprating of benefits and tax credits from April 2011. The effect will be that benefits and tax credits will diminish and wither year after year. On disability living allowance, the Government will introduce the use of objective medical assessments for all DLA claimants from 2013-14. I am waiting to see the detail on that, because extensive work had already been done by the previous Government on welfare reform, medical assessments and the test. The lack of detail is what worries me. Is this approach about using the stick or the carrot? If it is entirely about using the stick, I guarantee that we will be punishing people who are very vulnerable and who do not have a voice to object. If it is about using the carrot as well—our Government were focused on that and I think that the Secretary of State for Work and Pensions, who was looking into social mobility for the Government, suggested that measures should be more about using the carrot—where are those resources to come from? The worrying thing about this Budget is that we have no detail, and I should like to see that detail as rapidly as possible.

On tax credits, from April 2011, the second income threshold for the family element of child tax credit will reduce from £50,000 to £40,000, and from April 2012, the family element of child tax credit will be withdrawn immediately after the child element. Therefore, it is not just higher-rate taxpayers who will be hit by the measures; working couples could also be hit. The combined salaries of two people on low to middle incomes will take them out of that.

Let me touch on one other aspect of detail—the cost of housing benefit. Yesterday, the Chancellor used one example to illustrate how the system is broken. Various pieces of research could have shown another 100 examples similar to the Chancellor's, but they would be examples of the extremes. Let me put a concern to the House. What will happen if the policy makes families homeless? What will happen when children are dislocated from their schools or their friends, or when vulnerable families are removed from social care packages and support as they flee to cheaper rent areas? Has any thought whatever been given to the effect of the policy on ghettoisation? Was there any discussion in the run-up to the Budget with organisations that represent the homeless, vulnerable families or children in poverty? I would really like to know that.

Steve Baker (Wycombe) (Con): I happen to have worked personally with the Centre for Social Justice in the past couple of years, and I know that colleagues there have put enormous effort into all the areas that the hon. Gentleman has just listed. Of course the CSJ is independent, but the Secretary of State for Work and Pensions is now in the Cabinet. The hon. Gentleman should rest assured that the Conservative party has put enormous effort into all those things.

Huw Irranca-Davies: I thank the hon. Gentleman for his reassurance, but I will be reassured when I see the detail. I will be reassured when I see that this policy will not have the impacts that I have just laid out. We are privileged to be here and to be able to speak up for people. Let us speak up, as I am sure he would want to do, for those who could be disadvantaged by the unforeseen consequences of this response to *Daily Mail* headlines.

"Ending payments like the health and pregnancy grant and slashing child tax credits at a £40,000 joint income threshold is going to put pressure on families already struggling."

Those are not my words, but those of Bob Reitemeier, the chief executive of the Children's Society. He added:

"We are also concerned about the amount to be clawed back from the welfare bill over the next five years as the chancellor aims to find savings of £40 billion."

Gingerbread, the charity for single parents, has said that families having a second child could be worse off by up to £1,200 a year. Chief executive Fiona Weir said:

"Having a baby puts the family finances under pressure. These cuts will really hit families with young children hard."

The concerns are not mine alone, therefore, and I am genuinely not indulging in party politics. I will say well done to the Government if their proposals are right and they work, but my real fear is that they are acting prematurely and going in too hard, when there are alternatives that are not being considered and which I shall turn to now.

The Chancellor and the Business Secretary regularly cite the examples of Canada and Sweden when it comes to cutting deficits. However, I shall repeat until I am blue in the face that both countries acted against a backdrop of strong economic growth in their export markets. Unless I have missed something, that is not available to countries in Europe, or the eurozone.

Other positive elements in the case of Canada and Sweden were currency devaluation and the active use of monetary policy. However, in the first case we have been there and done that already with sterling and, in the second, hon. Members will know that our base rate is already low.

Without those three little helpers—those three legs of the stool—we do not get the economic support or growth that, under the plans being put forward by the coalition Government, are essential if we are to mitigate the worst excesses of the proposed cuts, beyond the Red Book. What we do get is all the pain of savage cuts, and absolutely none of the gain. That will go on for years.

In fact—I hate to say this, but I am not alone in doing so—we could well go backwards. If, in a year, we are slipping backwards or limping along like some invalid at the bottom of an economic cycle, it will not be because people such as me failed to stand up and make the opposing case. It is important that someone does that, alongside the economists outside the House.

Jacob Rees-Mogg: I am grateful to the hon. Gentleman for giving way, but I do not quite understand his logic. Two of the three legs of the stool to which he refers—the loose monetary policy and the devaluation—remain in place, to the benefit of British industry. It is only the third leg that is absent.

Huw Irranca-Davies: Indeed. Those two legs have been put in place already, but Sweden and Canada actively used both of them during the period of the cuts in order to make the cuts work. We can no longer do that, and we certainly do not have economic growth.

I put that to the Chancellor in this Chamber on two occasions last week. On the first, he dealt with what I said as a purely party-political matter, and swatted me down. I understand: we do that in this place. On the second occasion, however, he did not have an answer, saying merely that this was a matter of judgment—and that is what I am worried about.

This is a very important issue. All our funding for health, education, social services, local authorities, transport, and the attack on poverty is entirely dependent on one big macro-decision about how we go forward from this recession. If the coalition Government are right, I say good luck to them: they will get my praise in one, two, or five years. However, if they are wrong—and no one on the coalition Benches is willing to accept that there is even a scintilla of a possibility that they could be wrong—they must recognise that some people told them so in advance, and with good reason.

The scenario may have been different in the 1980s, but we saw the effect that the approach adopted by the Government had then. We saw it in a very personal way, as friends who used to have jobs became unemployed. They would knock on our doors asking to clean windows or do other odd jobs just to make ends meet. We knew what was happening, because our children went to the same schools, and that is why I ask the Government please to accept that there is an alternative.

What do others say? Economic commentators such as Will Hutton, Paul Krugman and David Blanchflower have all pointed out that the proposed cuts are about twice as extreme as those undertaken in Canada and threaten the recovery. The cuts seem to be motivated not by a good examination of the alternatives, but by ideology.

I return to my opening comments to the hon. Member for Bournemouth East. The *Financial Times* suggests that the emergency Budget will affect Wales—my home patch—disproportionately. I know that. As many as 50,000 to 60,000 jobs could be lost in the public sector, but that is not all. The knock-on effect of the loss of between 50,000 and 60,000 public sector jobs, in my constituency or in that of my hon. Friend the Member for Pontypridd (Owen Smith), will be the loss of jobs in the private sector and the loss of retail confidence. High street shops will go and the bottom will be knocked out of our communities. Unemployment, and regional inequality, will grow and grow.

Will Hutton points out:

"No country has ever volunteered such austerity. It is as tough a package of retrenchment as the IMF imposed on Greece, a country on the brink of bankruptcy."

He noted that it took Sweden three times as long to carry out the same level of cuts as the UK coalition Government want to impose.

The economist David Blanchflower noted that the effects of the Budget will hit young people disproportionately, and that a double-dip recession is almost inevitable. A double-dip recession is the spectre in the room—a Government Member urged us not to use that phrase but it would be remiss of me not to mention it. Of the forthcoming comprehensive spending review, David Blanchflower says:

"If the young are first, I fully expect the disabled, the old and the weak to be the next target."

There is an alternative way forward and I genuinely ask the Government to consider it. Will they also consider a new version of the Tobin tax, or Robin Hood tax—much derided for many years? It is good to see a bank levy, but it could have been more ambitious. An open letter to the Chancellor was signed by many Members, including our Green party representative, the hon. Member for Brighton, Pavilion (Caroline Lucas), Welsh MPs, cross-party civic organisations, Save the Children Wales, Christian Aid Wales, the secretary of the Public and Commercial Services Union Wales, the National Association of Probation Officers Wales and GMB Wales. It states:

"We are pleased that you support a bank tax, but a truly ambitious bank tax would mean those with the broadest shoulders bear the brunt of the cost of the economic recovery, whereas a rise in Value Added Tax or premature cuts to public services would hit the poorest hardest."

That letter was genuinely cross-party. Some of the greatest advocates of that approach sat in the Liberal Democrat camp on the Opposition Benches, and we tried very hard to get a signature from a Welsh Liberal Democrat. It seems that the lines about premature cuts are now out of date.

I say to the Government, please be right. We often pull at the emotional heartstrings about the 1980s, but if the Budget damages my communities as I think it will, when there is an alternative, I shall certainly never forget or forgive, and nor will my communities, because we have seen it all before. I hope we are not seeing old-style 1980s Tory cuts. I hope that the measures that the coalition Government say will mitigate the worst excesses for the lowest deciles and quintiles are well judged, but I fear they are not. Why are the coalition Government not even considering an alternative way forward that minimises the risks to communities such as mine?

4.9 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): It is a privilege to make my first speech in this Parliament and to do so from the Government Benches. May I

[Geoffrey Clifton-Brown]

congratulate you, Madam Deputy Speaker, on your election? It is great to see you in the Chair. I also congratulate my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) on a splendid maiden speech. He will obviously go on to represent his constituents with great poise and ability.

I should like to pay tribute to my new right hon. Friend the Secretary of State for Business, Innovation and Skills. Far from being the damascene conversion that Opposition Members have mentioned, his ability to meet the top officials in the Treasury and the Bank of England, study the evidence and conclude that he had been wrong in his assessment of how quickly we need to deal with the deficit shows a man of huge stature, to be honest. It is incredible that the shadow Chancellor, who must have been in possession of the same advice, came to a completely different conclusion.

Today's debate has been fairly predictable, and I am certain that if Opposition Members were true to themselves they would say that they know perfectly well that, if they had been elected—God forbid—as the Government of this country, they would have had to take some pretty severe measures to deal with the deficit that we have inherited. I pay tribute to the coalition Government, frankly, for being as brave as they have been. This is an austere and difficult Budget, and every person—rich or poor—in the country will take pain. There is no getting away from that.

Owen Smith: Does the hon. Gentleman think that the volte-face performed by the Secretary of State for Business, Innovation and Skills reflects perhaps more on his inconsistency and shifting values, as opposed to the position adopted by Labour Front Benchers that has been consistent either side of the election?

Geoffrey Clifton-Brown: I rather wish that I had not given way for that intervention, but, frankly, it says more about the hon. Gentleman than about the Secretary of State for Business, Innovation and Skills, whom I regard as having the greater stature because of what he has done.

I am amazed that the shadow Chancellor can conclude that severe action did not need to be taken to deal with our deficit. If we had not begun to take such action, the international markets would have taken the lead. Spot interest rates and bond rates would rise sharply. The cost of financing the huge deficit that we inherited would rise substantially. Business failures would accelerate. Unemployment would rise. Ultimately, by not taking the action that we have taken, we would return to recession. I completely take the opposite view from that of Opposition Members, who have said that we do not need to deal with deficit in the way we have now done.

Those siren voices of the Opposition would have led us into greater trouble than we are in now. What we see from the Opposition is a legacy where the gap between the rich and the poor grew in their 13 years in government. I would be bitterly disappointed if the Government's actions do not lead to the economy being immeasurably stronger in five years' time. We can then start to reduce that gap and put money into poor communities, exactly as the hon. Member for Ogmore (Huw Irranca-Davies) wants us to do, so that we can start to benefit some of the poorest people in society.

It was a huge tribute to the Chancellor that he said time after time yesterday that he wanted to bring the bottom of this country nearer to the top, with some of the measures that underlie the Budget—for example, how he will deal with the state pension. Opposition Members had 13 years to deal with the state pension. More than 1 million pensioners had to go grovelling to the Government and to fill in huge forms to get pension credit. We have now promised that everyone will receive a pension increase linked to earnings, prices or 2.5%, whichever is higher. That is real promise. Pensioners can now look forward to receiving at least a 2.5% increase from 2011.

Angela Smith: I remind the hon. Gentleman that the Labour Government legislated to make the link between pensions and earnings possible in 2008, and that we were timetabled to introduce that in 2012. Will he confirm his Government's intention to pay the winter fuel allowance next year at the same level as we paid it to our pensioners last year?

Geoffrey Clifton-Brown: I remind the hon. Lady that the Labour party won the election in 1997. The Labour Government had between 1997 and 2008 to do something about that, but meanwhile more than 1 million pensioners had to go through means-testing and fill out huge forms to get pension credit. A considerable number did not want to claim the credit, because they were too proud to do so, and they therefore lived in poverty. In the first few weeks of this new Government, pensioners have got a better deal than at any point under the 13 years of the previous Labour Government.

Gordon Birtwistle (Burnley) (LD): Does the hon. Gentleman agree that the Labour Government's 75p increase for pensioners a number of years ago, which was reduced to 50p after tax, was an insult not only to pensioners, but to the people of this country, which is supposed to be one of the modern countries of the world?

Geoffrey Clifton-Brown: I entirely agree with my hon. Friend. Many pensioners have told me exactly that—that it was an insult—so I hope that we can move away from treating our elderly people in such a way. As I have said before in the House—I remember raising this point with the then right hon. Member for Sedgefield during Prime Minister's questions—the way in which a society treats its elderly people is a mark of that society's civilisation. I hope that we will treat our elderly people with respect.

In an excellent, sober speech, my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) put his finger on an interesting yet under-mentioned aspect of our economic problems. It is demonstrated by the table on page 7 of the Red Book, which shows that private debt has doubled in the past 13 years. It is, of course, up to members of households to make their personal decisions, but it is also up to the Government of the day to regulate the totality of private debt. The level of private debt has become unsustainable, something on which I often chased the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) in Budget debates. As the Red Book shows, the savings ratio was lower by the end of the Labour Government than at any time since the 1950s. It is incumbent on any Government of the day not only to encourage savings, but to ensure

that the savings culture exists in a stable regime in which inflation is not completely out of control. If we did not take the action outlined in the Budget, interest rates would rise, thus putting inflationary pressure on the economy.

Mark Durkan: Given the hon. Gentleman's concern to ensure that the Government always encourage a strong savings culture, what does he think will be the impact of removing child trust funds and abandoning the saving gateway?

Geoffrey Clifton-Brown: No Government would willingly take such action, as my hon. Friend the Member for Caithness, Sutherland and Easter Ross said. My right hon. Friend the Chancellor had to set out a host of tough choices yesterday, but I do not think that the Budget was ideological. The hon. Gentleman has to be honest with himself when he thinks about ways to deal with the deficit. We should not underestimate the scale of the problem. This year's public sector net borrowing requirement of £149 billion is almost the equivalent of the combined budget for health and education. The scale of the deficit explains why my right hon. Friend the Chancellor had to make really difficult and brave decisions, but by taking such action now, I hope that we will be able to return to a situation in which we can start to help some of the poorest and most vulnerable people in our society, which is what any responsible Government ought to be about.

We will get out of this mess by promoting growth in the private sector and rebalancing our economy. We need to get Britain innovating and making things, and to sell our goods and services to the rest of the world. All the calculations in the Budget are predicated on a rate of growth, and it is the private sector that will deliver that growth. By taking the right measures in the Budget and concentrating on the right things, we might be able to exceed the growth targets set out by my right hon. Friend the Chancellor yesterday. Labour Chancellors have been pretty bad at forecasting growth rates. My right hon. Friend, in line with the Office for Budget Responsibility, has given very prudent forecasts of growth rates. I sincerely hope that we will be able to exceed those forecasts.

Until the election, I served as the shadow Minister for international trade and development, and I know that the actions of the Chancellor in supporting exporters will be critical to how our country moves forward in the coming months and years. After all, in the years from 1996 to 2004, firms that were new to exporting achieved, on average, a 34% increase in productivity in their year of entry—the very fact of their going into exporting made them increase their productivity—and 60% of the UK's productivity growth was attributable to exporting firms. It is therefore welcome that the Chancellor mentioned exports twice in his speech yesterday.

UK Trade & Investment is the Government's arm that encourages exports and foreign direct investment. Its chief executive, Andrew Cahn, worked under seven different Trade Ministers in the previous Government. I hope that we will not have that revolving door in the present Government and that we will have consistency of Ministers, who will be able to look at our exports problem and achieve considerable improvement. In the years of Labour Government, UKTI's budget was cut consistently.

Manufacturing accounts for more than half of our country's exports. Labour Members will not like the figures I give, but they are absolutely true. In 1997, manufacturing employed 4.19 million people, but by December 2009, under Labour's stewardship, that number had fallen to only 2.592 million. In other words, there had been a significant decline in the number of people employed in the manufacturing sector. That happened despite the value of sterling falling 24% between July 2007 and the present day. Perhaps one of the most devastating of figures pertaining to the period of Labour stewardship is on our trade deficit in goods, which has increased from £3.1 billion to more than £21 billion.

If Labour Members want to know the reason why we had our longest and deepest recession of our post-war history, it is that the Labour Government failed to support sectors of our economy that provide sustainable economic growth. If we are to exit the grips of recession, cushion the impact of austerity and have a sustainable future, exporters will be the engine room and will need to be given priority in the Chancellor's thoughts and, indeed, across all Departments.

In his Budget statement, the Chancellor said that departmental budgets will be set out in the spending review later this year—quite rightly, he set a date for that of 20 October—with an average real reduction for unprotected Departments of 20%. Let me say to my right hon. Friend the Chancellor and my hon. Friend the Economic Secretary, who is on the Treasury Bench, that UKTI—our trade promotion body—is a rare thing: it is one of the few parts of Government that actually makes this country money. To meet the challenges of the future, to provide adequate support for our exporters and to attract FDI into this country, its budget must be protected, so that it can continue to support private sector growth and job creation in the UK.

We must also recognise that real reforms are needed to how we support our exporters and attract FDI to adapt to an ever-changing global marketplace. Those changes cannot be made without the correct budgetary support for UKTI, but the rewards for successful implementation are there. We appreciate the opportunities presented to us by having Europe on our doorstep and through our close relationship with north America. Currently, 70% of our exports go to the traditional developed markets of north America and the EU, but the financial support available for firms seeking to export to the wider and increasingly accessible world beyond that must be maintained, because estimates suggest that, by 2020, the EU and USA share of global gross domestic product will have declined to less than 40%. As was correctly identified—I tried to intervene on the shadow Chancellor—we have turbulence in our European markets and EU growth is expected to be sluggish for some time. That is why it is important that we pay due attention to rapidly expanding global markets elsewhere, which cost proportionately more to service than the easier markets of Europe and north America.

We must be proactive, not reactive. British firms must be backed to head for the second-tier cities in larger markets such as India and China. They must also look for unrealised potential in other countries first, before our competitors have won all the contracts. I looked at that problem around the world, and I found country after country where there was huge potential. The British were welcomed, our business men went out there and

[Geoffrey Clifton-Brown]

expressed interest, but somehow it was the Japanese, the Germans, the Americans and the Chinese who popped in and got the contracts. We must provide better support for our companies.

We must benchmark the performance of UKTI against the best of other countries, so that our trade efforts match or exceed those of our competitors. With our overseas network of embassies, we have a fantastic platform for developing British business, and we cannot afford to let departmental cuts affect their work. We need a widely respected senior figure—a FTSE ex-chairman—to go out banging the drum for the UK, selling the country around the world, and consistently to visit those markets to build up contracts.

Nationally, we must concentrate our efforts away from the regional structure introduced by the previous Government. What nonsense that was. Different regional assemblies had offices in the same city, such as Shanghai or Mumbai, all competing with one another for the same business. What a waste of taxpayers' money, and what confusion it caused to those countries in which they were located.

Claire Perry: I am interested in my hon. Friend's important proposal for a roving ambassador for British business. Does he agree that there might be potential to retread Sir Digby Jones in that role, particularly as he said yesterday after the Budget:

"I think that sign has gone up around the world saying that Britain is serious about sorting out its economic mess"?

Geoffrey Clifton-Brown: I am grateful to my hon. Friend. I know that she was upbraided by Mr Deputy Speaker a little while ago—it takes a long time to sort out parliamentary language, and references to "you" and the "hon. Gentleman". She is absolutely right. I was modelling my remarks exactly on Digby Jones, who did a huge amount of work for this country, and spent an enormous amount of time travelling around the world. He had great, in-depth knowledge of huge sections of industry, having served as chairman of the CBI. We need to appoint someone of that calibre, who has the time, energy and availability to be able to do precisely that job.

As I said, the notion that RDAs should have offices around the world competing with one another led to a huge dilution of the UK brand. It caused confusion in the country in which they were located, and it did not serve our interests of attracting foreign direct investment to this country. I have no doubt that Ministers will abolish that structure rapidly, thereby producing much better results. I welcome the proposals for local enterprise partnerships, which are a huge step forward. We can help the private sector by not having a stratified structure of RDAs across the country. We need different structures in different parts of the country, to deal with the problems in each area. We must concentrate Government advice on business sectors, rather than on regions. It was complete nonsense that the Government's car adviser was based in the north-east, unable to give advice to car manufacturers and component suppliers in Birmingham. We must concentrate on sectors, so that the automotive sector, for example, has a proper advice team in the Department for Business, Innovation and Skills.

We must try to support those sectors that the UK is good at, and see how we can improve their export structure. I say this with hesitation at the moment, but our oil sector was respected throughout the world. Our pharmaceuticals, defence and financial services sectors were respected throughout the world, too, and in line with Sir James Dyson's recommendations, we must aim to become the No.1 high-tech exporter in Europe. We will do that by concentrating on the new, high-growth market sectors, such as those involving low-carbon and green technologies. Those are the industries of the future, and we ought to concentrate on them. We must also ensure that our universities and their basic research are world-beating, and that companies have the incentive to develop those world-beating ideas into products and services that we can sell in greater and greater quantities throughout the world.

Angela Smith: I appreciate what the hon. Gentleman says about the potential of our export and manufacturing sectors, but does he support nuclear power, nuclear energy and the supply of components to the nuclear energy industry as one of those sectors that are important for our future?

Geoffrey Clifton-Brown: I am very grateful for that intervention. I have always been a supporter of nuclear power, and I am one of the very few Members who have been to Chernobyl and survived, so I can see what goes wrong in the nuclear sector. However, with modern technology—I say this carefully—I can see that the nuclear sector has an important role to play in the range and mix of our power generation.

The Labour Government left us with another really dire legacy, however, because if we do not introduce nuclear power generation to this country I do not see how we can keep the lights going in the next 20 years—*[Interruption.]* The Liberal Democrats had different views, but they have looked at the problem and signed up to a nuclear power programme, and I congratulate them on that, because it is the right thing to do. We in this House should not come up with ideological dogma; we should all look at the facts and see what is the correct thing to do, which is—*[Interruption.]* It is all very well the hon. Member for Penistone and Stocksbridge (Angela Smith) pointing at the Liberal Democrats, but we in the Conservative party have had to swallow things that we do not like. We have looked at the facts and seen the correct thing to do. Therefore, I support nuclear power.

John Thurso: My hon. Friend will know of my long-term support for nuclear power, which I expressed often in the House in previous Parliaments. However, the critical thing is to be in favour not of nuclear power, but of a proper engineering and scientific-based assessment of how to ensure the lowest carbon energy, and if that leads us to nuclear, that is the correct answer.

Geoffrey Clifton-Brown: As always, my hon. Friend's wise words are correct. Nuclear power is not only an efficient way of generating energy, but a clean way. We have to use the very latest technology to deal with the nuclear waste that is produced, but I am absolutely certain that if we adopt an open mind and let our scientists get to work, we will find better and better

ways of dealing with the waste that nuclear power stations produce. I welcome my hon. Friend's support on that.

Innovation and exports are just beginning to return, and I am sure that hon. Members from all parts, if they have listened to businesses in their constituencies, will have had that experience. I have a wonderful firm in my constituency, a small FTSE company called Renishaw. It is the world-beater in measuring technology—metrology—but unfortunately it had to lay off several hundred people during the worst of the recession. I am pleased to report to the House, however, that in the past month or so it has begun to re-employ people. That is good news, because we must all work hard on measures with regard to how we employ the maximum number of people in this country. There is nothing worse than people who want to work but are unemployed—and unemployed through no fault of their own. We should concentrate on the terrible figures for 16 to 25-year-olds not in education, employment or training—the so-called NEETs—who are without jobs at the moment, because we have inherited a shocking waste of young talent.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): In fact, in the 1980s youth unemployment was far higher than it is now. I share the hon. Gentleman's concern that youth unemployment is a major challenge, but when I look around my own constituency at people who have never worked, they are almost all people who found themselves as young unemployed people 20 or 25 years ago. That is the real problem, and words are not enough—we need to find solutions.

Geoffrey Clifton-Brown: I think, without knowing the hon. Lady's constituency backwards, that there are particular factors in her part of the United Kingdom as to why there was that rise in youth unemployment. We can argue about what happened 20, 30 or 40 years ago, but that is almost irrelevant. I am concerned about what the situation is today and what my right hon. and hon. Friends are going to do to deal with it, and I think that they have got some interesting and innovative ideas.

I have another example of a small company. It exports 300 sidecars a year to the Japanese market. We have heard about how difficult the Japanese market is. At our very best, our small and medium-sized, and even our large companies, are very innovative and very good at getting out there and exporting into some of the most difficult markets in the world. They just need a little more support, and then we can get more businesses exporting to the rest of the world. Chatham House recently reported that

> "a combination of services and high end manufacturing places Britain in a strong position to meet the needs of the world's emerging economies in ways that will enable it to sustain its strong comparative advantage".

It is the small and medium-sized firms that will lead us out of recession. It is the private sector that will compensate for the jobs that are lost in the public sector. It is the private sector to which we must give the right climate and right environment, and then it will thrive.

We have not only the right fiscal environment, but the right environment for dealing with bureaucracy and reducing the amount of burdens that Government place on the private sector. We must give it the right incentive to export and the right tools to do the job. I believe that this Government will lead us out of recession and that we will have a very much stronger economy in four or five years. I look forward to holding the hon. Member for Ogmore to his word. When we have a stronger economy, and when we start helping the most vulnerable in our society, I expect an apology from him.

4.37 pm

Angela Smith (Penistone and Stocksbridge) (Lab): May I join those who have congratulated you on your election, Madam Deputy Speaker? If I may give the House an update on the score in the England match, it is still 1-0. I think it is no coincidence that I am surrounded by an unusually large number of Welsh and Scottish colleagues. Thank you, Madam Deputy Speaker, for allowing me to speak in this important Budget debate—the most important in more than 30 years.

Thirty years ago, in 1979, I was a young slip of a thing—only 17 or 18 years old—and I remember what I saw in the following years. I am not going to have a go at the record of the previous Tory Government, so those on the Government Benches can settle down. In areas such as South Yorkshire and northern Lincolnshire, we saw huge devastation of our economies. Those of us who know the Don valley—I know that the Economic Secretary knows it very well—from its origins up in the north of Sheffield and in Barnsley through to Doncaster will remember the devastation of that lunar landscape: that is the only term that could have been used at one point to describe the lower Don valley. We saw the flattening of Hatfield, where now we have the Meadowhall shopping centre, and the devastation—as in the valleys of Wales—caused to other south Yorkshire valleys such as the Dearne valley. Where there were the pits of Manvers, Wath and Cortonwood, we now have a Morrisons supermarket and a retail centre.

I well remember all that. I remember, too, the work that we have done since then to try to repair the damage. We have tried to diversify our economies in the north of England—in places such as south Yorkshire and northern Lincolnshire. To some extent we have succeeded. We have biosciences, sport and leisure, and retail—and we still have advanced manufacturing.

We were making progress, albeit very slowly, on reducing the gap in economic growth and prosperity between London and the south-east and places such as Yorkshire and the Humber, but what is happening now poses a new threat to our economy in the north. If we suffer significant damage yet again because of a return to recession, the fear is that that damage will be permanent and irreparable, and that we will be unable to move forward as we had previously hoped without even more funding—significant funding—from Government and Europe. That is the context to today's debate. I agree with my hon. Friend the Member for Ogmore (Huw Irranca-Davies) that the impact of the Budget on individuals and communities must be at the forefront of our minds.

Unfortunately, the Budget is a wasted opportunity to help the British economy on the road to recovery. Instead of investment and the promise of future jobs, we have a Budget of cuts for the poorest and regressive tax increases—a Budget that risks our future. The race to austerity that the Government seem determined to follow belongs to a lesser-known branch of economics called ignorance economics, as Leslie Budd of the Open

[Angela Smith]

university calls it. As he correctly points out, although it is sensible to cut waste, the slashing of spending can do much more harm than good. That is what the Budget, with its massive cuts to public spending, will do.

Unprotected Departments could have real-terms cuts of 25% over the next four years. The key question is this: how many nurses, police officers, teachers and other civil servants will be thrown on to the scrap heap in the years and months to come? How fair is it that one of the significant cuts in the local government budget will be in the area-based grant? Sheffield Hallam is one of the richest constituencies in the country, and Sheffield Brightside one of the poorest. The gap has decreased in the past 13 years, but there is still a 14-year difference in life expectancy between those constituencies. The abolition of the area-based grant will hit Brightside, but it will not hit Hallam in any way at all. How can that be fair?

The pupil premium has been promised, but we are hearing that it will be based on the abolition of additional educational needs funding and vulnerable children's grants. If we roll that funding up into a pupil premium, will it be distributed fairly, or will more of it go to the south of England at the expense of the north?

Although I welcome, and offer my support for, the increase in personal allowances from next April, it will be more than wiped out by the regressive increase in VAT to 20% from January next year. There is no rise in the personal allowances for over-65s, which will disappoint many of my older constituents—indeed, I received an e-mail on that subject just this morning. That gives the lie to the argument that the Budget is all about fairness. Although the confirmation of Labour's policy of linking the state pension to average earnings is welcome—it builds on policies developed by the Labour Government—not increasing the personal allowance for pensioners in line with those for everyone else is just wrong.

It is obvious that the Prime Minister's words before the election—never mind the Deputy Prime Minister's words—that he had no plans for an increase in VAT were as worthless as similar words spoken back in 1979. I remember very clearly that in 1979 the Conservatives said they would not double VAT. The first thing they did on coming into office was increasing VAT from 8% to 15%. That was not quite double, but it might as well have been.

When there is a need to maintain demand in the economy, the Budget risks squeezing demand and creating a double-dip recession, which could be worse than the one that we recently experienced. Let us get rid of the myth that the public sector is bad and that only the private sector can get the economy growing again. The balance has to be right, as we in south Yorkshire know better than others; we know it all too well. However, the two sectors are interlinked. Private companies benefit from Government investment, which is why we brought forward the capital projects—to keep the economy moving and to keep construction workers in work. Ensuring that the private sector works with the public sector can give us growth.

Let us also demolish the myth that only by putting forward austerity measures will we see growth in the economy. The lessons of the 1930s show that not to be true. Although the 1929 crash dealt a massive blow to the global economy, it was the neo-liberal austerity budgets that followed that led to a vicious decline in international economic activity, leading to protectionism, a collapse in world trade and depression. My fear—it is shared, I think, by every Opposition Member—is that that is exactly where we will go. We have seen austerity measures introduced not just by the UK, but by Germany, Greece, Italy and Spain. The House ought to think carefully before going down that path. It was only after the new deal in America that growth started to return in the 1930s. Sadly, Government Members do not seem able to learn the lessons of that period in our history.

The current rhetoric from Government Members is, "Look at what Canada did!" It has been mentioned already by Labour Members that Canada's actions in the 1990s to wipe out its sovereign debt were taken in a completely different context. Canada was able to reduce interest rates quickly, and had a route for its exports in a booming US economy, because the value of the Canadian dollar was allowed to fall. Interestingly, Canada once again has a large public debt and is not considering the reckless action that the Government are pursuing. Those options are not sensible or credible in the current situation.

Let us also bury the myth about Greece. The UK is not in the same position as Greece. In 300 years of national debt, the UK has never defaulted on its sovereign debt. The UK's debt has a long time to run, with an average of 14 years to maturity—twice as long as most other European countries—which means that the UK needs to finance much less of its debt in any given year and, therefore, is much less sensitive to rising interest rates.

We hear from the Liberal Democrats that fairness is important, and yet they now say that it is right that public sector workers should see real cuts in wages, while capital gains tax rises by only 10% for higher rate taxpayers. They also say now that VAT should rise to 20%, which they once said would be totally unfair on the poor. The Liberal Democrat way now is that it is right to cut benefits by £11 billion for the poorest in our society. Where is the fairness in that? Members can use as many words as they like and whatever sophistry they like, but they will not persuade the British people of the credibility of their position if they say one thing one minute, and another thing the next, just because they have taken the reins of power.

Where is the fairness in freezing child benefit for the next three years—a benefit that is often the only one paid directly to women and mothers? When that is coupled with the reduction in tax credits, many of my constituents will see that this is not a fair Budget. It is a regressive Budget that I believe will get the reception is deserves.

Gordon Birtwistle: Does the hon. Lady agree that if the interest payments on our existing loans, which are approaching £40 billion a year, were half that amount, we would not be in our present situation, and we would be able to spend the money on the things that she is now suggesting?

Angela Smith: As I think I said earlier, equating the national economy to a household budget has already been declared by many respected economists to be ignorance economics. It has been discredited by respected economists throughout the world, including economists of the centre right in the United States who recognise

the lessons of the 1930s and recognise that we need investment and public spending to bring back growth and jobs.

However, the question is whether the Budget is needed. According to the new body set up by the Government—the Office for Budget Responsibility, which I think we all support—the economy is in growth. OBR statements make it clear that the previous Government's spending plans were credible and would have reduced the deficit gradually, over a four-year period. I believe, as I think everyone on the Labour Benches believes, that that was a sensible course forward. Therefore, it has to be said that the reason why the Government are pursuing this path is ideological dogma. They are cutting for the sake of cutting, in an ideological drive towards the small state. The language of the TaxPayers Alliance is alive and well in the corridors of power, but it is cloaked in the language of "Needs must".

The prospect of a race to austerity is so worrying that President Obama's Administration in the US have felt it necessary to write to the leaders of the G20 countries urging them to continue with the economic stimulus—something with which, as I have mentioned, many economists agree. Although the help for new start-up companies in the regions and the creation of regional development funds are welcome, those measures will be more than offset by the run-down of the regional development agencies, such as Yorkshire Forward, and the loss of no doubt thousands of public sector jobs. It has been said today in the *Financial Times*, but let me put it on the record, that the overall impact of the Budget, contrary to statements made yesterday, will be a 60% reduction in capital investment by the Government by 2016.

Let us not think for a minute that this is a Budget for investment. The Government have fallen at the first hurdle on that idea. With the £80 million loan to Sheffield Forgemasters, they had the chance to show that they were interested in investing in growth and exports, in state-of-the-art technologies and in UK manufacturing. However, they chose not to do that. The loan would have earned a 3.5% interest rate, and would have involved Westinghouse taking a stake in the company and giving a guarantee of forward orders. It would also have transformed Forgemasters into a major player in the nuclear castings sector. The loan was secured against the company and would have been part of a total package worth around £140 million, with £80 million from the Government on a loan basis.

That would have meant £140 million for Sheffield and UK manufacturing, allowing for the purchase of a 15,000-tonne press capable of making the pressure vessels at the centre of a nuclear power plant. To put things into perspective, the only other company in the world currently making forgings of a sufficient size for the international market is Japan Steel Works, which has recently tripled its capacity in order to make 10 pressure vessels a year. However, 11 new nuclear power stations were commissioned around the world last year, and the pace is accelerating, with 55 reactors in planning at the end of 2009 and more than 30 licence applications under active discussion in the US. Not only that, but with only one company in South Korea and two companies in China now intending to enter the business of making such forgings, any future project for building new nuclear power stations in the UK will have to import pressure vessels.

As my right hon. Friend the Member for South Shields (David Miliband) said last week on hearing the announcements, the champagne corks will indeed be popping in Japan and South Korea. The investment was not, as the Deputy Prime Minister would have us believe, set up in the dying days of the previous Government. I would testify anywhere, in any court in the land, that those negotiations had been going on for more than two and a half years, and they went through the most rigorous scrutiny possible. The scheme would not only have given value for money; it would have been of major strategic importance to the economic future of advanced manufacturing in the UK. Again as my right hon. Friend said, pulling the plug on that loan is a piece of gratuitous economic vandalism—but then again, what should one expect from a Tory party that almost completely destroyed steel making in south Yorkshire in the 1980s?

We heard a lot in the previous speech, by the hon. Member for The Cotswolds (Geoffrey Clifton-Brown), about the importance to the economy of an export-led recovery. I completely agree with what he said, so why did his Government not put the money into Sheffield Forgemasters, as that was all about exports, the future of UK manufacturing and the rebalancing of the UK economy? They turned down the chance to help this economy to recover. They failed the challenge on grounds of—*[Interruption.]* Well, tell me what the grounds were—ideology, dogma, pressure from Sheffield Forgemasters' competitors to say no? We would like to hear about them.

If this is an example of the Government's investment strategy, we should all be worried. For a relatively small loan that carried a commercial rate of interest, the UK would have had a company capable of being at the forefront of the supply chain for the nuclear power industry. It would have created jobs not only in south Yorkshire, but throughout the country. It would have led to high-value exports and secured the future of high-value steelmaking in the UK. Crucially, I know from working with Corus, Forgemasters and Fox Wire in my constituency how important it is for UK steel to stay ahead of the game when it comes to skills and advanced technologies. We cannot compete with China and the rest of the Asian economy on low-value steel casting and steel forging, yet we are giving that advantage to our foreign competitors.

It is also of interest to note that on the day the plug was pulled on the Forgemasters loan, the Department for Business, Innovation and Skills confirmed the building of a research ship for £75 million. There is nothing wrong with that investment, and I will support it, but the ship will be built in Spain because there are no longer any British yards capable of building it. The Tory Government of the 1980s decided that investment in shipbuilding was a waste of resources.

We should add to all this the fact that this Government have pulled the future jobs fund and slashed university places by 10,000. The hon. Member for Bournemouth East (Mr Ellwood) mentioned earlier that he had a relatively elderly constituency. Well, I have a lot of young people in my constituency, and they are worried about whether they will get the places they are looking for in the university system over the next five years or so.

David Morris (Morecambe and Lunesdale) (Con): We are having a history lesson in here, but I think you would agree with me that every time there have been

[David Morris]

cuts like those in yesterday's Budget, they have always been on the back of a Labour Government who have brought the country to its knees. I originate from an area similar to your constituency, and I lived in a community that was depleted by the miners' strike. I saw exactly what it did to my community, but what has to be addressed here is the fact that that was then, but this is now. This country is on its knees as a result of the Labour Administration. You are in complete denial that this has happened. It has taken a coalition Government with a Conservative Prime Minister to try to put some equilibrium back into the country and into the politics of this House.

Angela Smith *rose—*

Madam Deputy Speaker: Order. I want to be helpful to the Chamber by explaining that when hon. Members make their contributions, they address the Chair. When hon. Members say "you", they mean the occupant of Chair—and according to parliamentary convention, the Chair should not be blamed for everything. Also, interventions should be brief.

Angela Smith: Thank you, Madam Deputy Speaker. All that I would say about the hon. Gentleman's intervention is that the recession was caused by the collapse of the global economy, and principally by the bankers. If the hon. Gentleman would like to come and have a look at the ex-mining and ex-steelworking areas of my constituency, I could show him how much progress was being made in repairing the damage and how much that repair is now at risk because of the policies pursued by this Government.

I fear the worst for the young of our country. The 1980s saw the creation of a lost generation, and we are still feeling the effects. I believe this coalition will create yet another lost generation. I fear for the poor, the sick, the unemployed, the elderly and the hard-working public sector. Now we are getting to know just what the "big society" is all about. It is about an ideological drive towards a US-style small state; it is about people being left on their own; it is about the poor and the disadvantaged being left to help themselves; it is a return to the days we thought had been left far behind when the previous Tory Government left office. The only surprise is that this time they are being aided and abetted by the Lib Dems. That just goes to show that, as we have always suspected in south Yorkshire, the Lib Dems are yellow Tories at heart.

Increasingly, when I look at the Lib Dems in government, I am reminded of George Orwell's "Animal Farm". The pigs, led by Napoleon, campaign for an overthrow of the old politics on the farm. Gradually, however, the pigs morph into the humans they once despised, and their slogan of "Four legs good, two legs bad" changes to "Four legs good, two legs better". In Sheffield, we are all aware that our Napoleon has started walking on two legs. The Deputy Prime Minister is a Tory in all but name, and we fear the consequences of his betrayal for our economy, both regionally and nationally. He should hang his head in shame.

5 pm

Mr David Evennett (Bexleyheath and Crayford) (Con): May I welcome you to the Chair, Madam Deputy Speaker? I am grateful for the opportunity to contribute to this vital debate, which has been interesting and lively. I congratulate my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) on an excellent, effective maiden speech, and I look forward to hearing more from him in the future. I also congratulate my hon. Friends the Members for The Cotswolds (Geoffrey Clifton-Brown) and for Bournemouth East (Mr Ellwood) on constructive, thoughtful and progressive speeches, which addressed the problems facing our country.

I am disappointed by the hon. Member for Penistone and Stocksbridge (Angela Smith) and some of her colleagues who seem to think that there is a right-wing ideological agenda. The Budget has a practical, realistic approach, from a coalition Government who are determined to get our country out of the economic mess in which the Labour Government left us. We will not forget that, and we will take no lessons from them about the situation in which we find ourselves. Many of us would prefer not to have to take some of the measures in the Budget, but the 13 wasted years under Labour have resulted in a real mess.

I am disappointed that the hon. Member for Ogmore (Huw Irranca-Davies) is no longer in his place, because his was a constructive and passionate speech. I say to him and to Labour Members, including those on the Front Bench, that most of us came into politics to improve the condition of everybody in society, not just one section of it. We are determined to look after the disadvantaged and to help the less well-off, the disabled, pensioners and those in real need, but to do that we must have a strong economy and money to invest in such services. It is regrettable that the Labour party destroyed our economy and the opportunities for many people. I agree with the comment that most Labour Members who have spoken seem to be in denial about the problems that they have created and the situation in which we find ourselves. They keep on with the mantra, "It is a world situation" and so on. Of course, there is a world recession, but it was made worse by the incompetence of the Labour Government and their failure to deal with the issues early enough and to take the necessary measures to ensure that we could weather the storm. The consequences are a disaster for the whole country. History lessons will not do when we have had 13 wasted years.

My right hon. Friend the Business Secretary made a progressive, rational and measured speech and explained to us all his thinking and how he has come to his decisions. We value that, because he has looked at the facts and figures and made a reasonable judgment accordingly. I also congratulate my right hon. Friend the Chancellor on a positive and constructive Budget in very difficult times. It was positive in its aims and objectives, based on fairness and reasonableness, and in its twin approach of dealing with the debt problems and planning for the future.

Having been a Member of the previous Parliament, I also welcome the Chancellor's candour, openness and clarity about the situation in which the country finds itself. How different this was from Budget statements under the last Government. Those were all spin and propaganda, and Members had to leave the Chamber and read all the minutiae in the small print to find out what they really meant. Yesterday the Chancellor of the Exchequer was open and frank, telling the people about the problems and what needed to be done about them. He did not conceal the facts in the small print or hide them away in other paperwork.

After 13 years of Labour government, our economy has been shattered by mismanagement. We have a huge public debt and great unfairness in the tax system, and businesses, particularly small businesses, feel battered and bruised. We really do need a new approach and a new direction. Yes, the Budget is tough and austere, but it is also necessary and fair, and it is unfortunately unavoidable because of the position in which we find ourselves. We need a decisive breach with the past so that we can build facilities and services for the less advantaged and the most disadvantaged, such as those who are sick and will need more help in the future.

I want to concentrate on enterprise, pensions and training. As a Conservative, I believe passionately in lower taxation, and I am pleased that my right hon. Friend the Chancellor of the Exchequer also aspires to achieve that goal—when the time is right. When the time is not right, we must increase taxation, however hard that may be, in order to balance the books. I know that my constituents will appreciate my right hon. Friend's approach, because after 13 years of Labour they feel that they have been over-taxed and over-regulated, and that there has been too much bureaucracy and red tape and not enough support for their business activities.

My constituents have experienced the problems of increasing unemployment and economic inactivity, and most of them feel that bureaucracy and taxation have been excessive. Regrettably, those problems must be addressed with vim and vigour. Local business men tell me that central Government support was inadequate during the recession, and that publicly owned banks were unhelpful when they applied for credit or assistance. They were cast adrift by a Government who said wonderful things in the House, but did not follow them up with real measures to help small businesses make the wealth on which our country depends. It was clear that action by the new Government was urgently required to deal with that on all fronts.

The Government have already cut £6 billion of spending because we cannot afford it. If we are to create jobs and growth, it is vital that we help the small and medium-sized businesses that are at the heart of our economy. We need to show that Britain is open for business, and attract firms into the United Kingdom. We need reforms of tax and regulation to make it less costly and bureaucratic to run or start a business. We need to shift the balance in our economy back towards private enterprise, rather than the public sector dependency that we saw during those 13 years of Labour government.

I agree with the hon. Member for Penistone and Stocksbridge that the public sector has a vital role to play, and that it can create wealth and opportunities. Most wealth, however, is created by the small and medium-sized businesses which pay the tax and allow us to spend the money that we need to spend on our vital public services. I am amazed at the increase in public sector pay and pensions over the past decade. We would surely expect the Prime Minister to have a higher salary than anyone else in the public sector, and when we see that people at the BBC and in some local authorities are being paid considerably more by the taxpayer for doing a less demanding job, we have to ask what has gone wrong.

We also need to deal with the problem of waste. The hon. Lady mentioned regional development agencies, an issue that I raised with the Prime Minister at Question Time last week. Although some RDAs have done a good job, others have wasted money in their bureaucratic way. We have heard about extravagances and expenses that have been in no way connected with the job that those people should have been doing, involving entertainment, offices abroad, novelty items or taxis, which were mentioned by my hon. Friend the Member for The Cotswolds. That profligacy is another Labour legacy that I am pleased to see the new coalition Government will take on.

The managing director of a lighting business in my constituency advised me that he thought the support for small businesses during the recession was

"neither adequate nor well advertised."

He also said that

"there was nothing for a small business in our position or if there was, we didn't find out about it."

His business also had problems with the publicly subsidised banks. Higher banking costs were imposed on it, leading to its having to reduce staff to meet the cost of the charges. That is not the way to get a successful business developing and going forward. In addition to the problems in getting Government support and dealing with an over-complicated tax system, that managing director experienced a great deal more red tape and regulation, which in turn increased costs. That was a legacy of the last Labour Government: more regulation, more red tape and more costs.

I also received representations from a car manufacturing firm in my constituency. Its managing director thought the previous Government did a good job with its advertising. However, when it came to applying for assistance, his company found that support was not available. That is a terrible legacy. He said the investment company appointed to manage the capital for enterprise fund for the Government was interested only in venture capital parameters such as high rates of return. The company also alleged that it did not receive support from its bank. In fact, it suffered increased charges from very early in 2009.

Both those businesses will benefit from the measures announced in the Budget. The reduction in corporation tax will mean they have more money of their own to invest in their business, and either to take on new staff or extend the working of current staff. The Budget will bring benefit to small businesses in particular. They will welcome the lowest ever rate of corporation tax, which will fall from 28% to 24% during this Parliament. The tax rate reduction for small companies from 21% to 20% will also be welcomed, and the extension of the enterprise guarantee scheme will provide a real boost for small businesses struggling to get credit.

The Budget therefore contains a lot that is positive, contrary to what was suggested from those on the Opposition Benches, where all was doom and gloom. There is enthusiasm for enterprise to get things moving, which is very important for the future of the country, because we must get the debt down and the public finances under control before we can have economic growth. We must never forget that high levels of debt put an unfair burden on future generations. Our role is to look after the future and make sure that our children and grandchildren are not in hock to debt because we have failed to manage the national finances. This emergency Budget will go a long way to rectifying the situation for the future.

[Mr David Evennett]

Action to stop Labour's job tax by increasing the threshold for employers' national insurance contributions by £21 a week will also be positive. As a result, the number of employees for whom employers pay no national insurance will rise by 650,000. That is another real, positive move to endeavour to ensure that we get ourselves out of the appalling mess we find ourselves in.

The second issue I want to raise is pensions and pensioners. I am delighted that the earnings link is to be restored after 30 years. We have to admit that sometimes the Conservatives made mistakes in government, and it was a Conservative Government who made the mistake of breaking the link. *[Interruption.]* It is no good the hon. Member for Derby North (Chris Williamson) laughing and smiling, because the Labour Government had 13 years to do something about that, but they did not do a thing. They sat on their hands and made nice noises, but action speaks louder than words. This coalition Government have already taken more action on pensioners than the previous Labour Government did in 13 years.

Mr Stewart Jackson (Peterborough) (Con): Will my hon. Friend remind the House that when we broke the link in 1980 we had an inherited situation of huge debt—an economic basket case—as a result of a Labour Government spending beyond their means. Does he think that that sounds familiar?

Mr Evennett: Exactly. My hon. Friend makes a good point. It is history repeating, is it not? I am sure that pensioners in my constituency and across the country will be pleased by the triple lock, whereby the basic state pension will rise by whichever is the higher out of earnings, prices measured by consumer price inflation or 2.5%. That is good news. One would not believe on listening to the Opposition that there was any good news at all in the Budget, but there is. We will never have pensioners getting a meagre increase of 75p on the basic pension, as happened one year under Labour. That was an insult and the pensioners knew it. We will not allow that to be repeated.

Angela Smith: I will be one of the first to admit that the 75p increase was a mistake. Will the hon. Gentleman acknowledge that, under the Budget, the means of raising the money to bring in the link to earnings a year early might be raising the age at which women can claim the state pension?

Mr Evennett: It is nice to hear the hon. Lady admit that the Labour Government did something wrong. I do not think we have had one word like that today, and I have sat through the whole debate. One would think that Labour Members thought that everything they did was wonderful, but in their heart of hearts they know the truth: there were mistakes. We are endeavouring to rectify those mistakes to make sure that those who are vulnerable, such as the elderly, have the dignity in old age that they deserve, and we passionately support and believe in that.

Fairness is key in the tax changes. Far too many people on low incomes pay too much tax. When I was in this place under the Governments of Margaret Thatcher and John Major, people on low incomes paid low tax, but in the past 13 years, because of the policies of the last Prime Minister, including when he was the Chancellor of the Exchequer, Labour managed to push more people into tax than ever before—people on low incomes who should never have been paying the level of tax they were. Five or six weeks into office, this Government are already taking action in the Budget to deal with the awful situation of people on low incomes having to pay tax.

Geoffrey Clifton-Brown: My hon. Friend is making an impassioned and thoughtful contribution. There was no more cruel example of what he has just said than the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) abolishing the 10p tax rate, because that put so many poor people into paying not only a low rate of tax, but quite a high rate of tax, on relatively low earnings. In contrast, my right hon. Friend the Chancellor has taken a significant number of people out of the tax net altogether with this Budget.

Mr Evennett: That point is absolutely spot on. The Opposition's crocodile tears on these issues are lamentable, because they did not do anything in government. They took away the 10p rate, as my hon. Friend has said, and they pushed people on very low incomes into paying tax when that was unfair. My right hon. Friend the Chancellor made it quite clear in yesterday's Budget that fairness was the underlying key. It was about making sure that everyone pays a fair amount. Those on high incomes will pay more and those on low incomes will pay considerably less. Families, low earners and pensioners have to be a top priority.

In opposition, I was the shadow spokesman on further education and skills, and I believe that training and skills were one of the Labour Government's greatest failings. Our society needs a well-trained work force who can adapt and take on board challenges, such as those facing small businesses, to make sure that they can get employment and worthwhile involvement in order to make something of their lives. One of Labour's biggest failings during the recession was not properly investing in skills so that people who lost their jobs could reskill, upskill, retrain or find new jobs.

Mr Stewart Jackson: I thank my hon. Friend for giving way; he is being extremely generous. Did he see the figures published today that show the shameful legacy of 13 years of Labour government, which is that one in four of our 18-year old boys is a NEET—not in education, employment or training? That is the record of the previous Government.

Mr Evennett: I am grateful to my hon. Friend. It is a lamentable record that almost 1 million young people are classed as NEETs. That is a waste for them and their futures, and for their communities and our economy generally. Those young people have so much to contribute, but they cannot get on in life if they are not given opportunities because they are not trained and do not have the skills. If that is the case, they are unable to do something for themselves, or for their communities and our country generally.

Britain needs to grow stronger out of this recession. It will do so if it can invest in the skills that mean that people can adapt, develop and take advantage of the

new jobs and opportunities that are coming along. This Budget will get rid of over-regulation and red tape, and I hope that it will allow businesses to expand and create the jobs that we need.

Regrettably, we are starting from a weak skills base, with 5 million people in this country classed as functionally illiterate and millions more struggling with basic numeracy and literacy skills. Those are really important reminders of Labour's failure on skills, and they highlight the need for fresh thinking and new ideas. Those are not just figures: we are talking about real people, and we on this side of the House are just as passionate as Opposition Members about providing opportunities for young people to get jobs.

Some of Labour's skills programmes are not working, with Train to Gain providing public subsidy for courses that some employers would pay for anyway. That does not represent getting value for taxpayers' money, but the Budget shows that that is something that the Chancellor of the Exchequer and his team are looking at. This Government want to help people, but they also want to make sure that they are getting good value for the taxpayer.

Richard Harrington (Watford) (Con): I thank my hon. Friend for giving way. The House should be aware that, although the statistics show that 550 young people are claiming jobseeker's allowance in my constituency of Watford, there are plenty of training schemes. However, the problem—into which I am currently carrying out research—is getting young people to go on those schemes. Money is being spent, but I am afraid that that is happening in the usual irresponsible way that was sanctioned by the former Government. As my hon. Friend noted, the important thing is to ensure that the money is spent wisely, but that will require a lot of work.

Mr Evennett: I thank my hon. Friend for highlighting the point that I was making with a practical example from his constituency of how things have gone wrong and need to be rectified.

In view of the time and the fact that other people wish to speak, I shall draw my remarks to a conclusion. Yesterday, my right hon. Friend the Chancellor said that this was a Budget to show the world that Britain was open for business again, and I believe that he was right. The measures included in it will ensure that our country and all of its people are on the road—a rapid road, I hope—to recovery and prosperity.

This country has a potentially great future. What we need are the Government and the measures to encourage that development so that we can make progress along that road. I believe that we have that in this new coalition Government. I think that we are on our way, and that this Budget is an important step to ensuring the future progress and success of our economy.

5.23 pm

Caroline Lucas (Brighton, Pavilion) (Green): Thank you for calling me to speak, Mr Deputy Speaker, and it is good to see you in your new position.

The Government's mantra is that this Budget is both unavoidable and fair, yet more and more evidence demonstrates that exactly the opposite is true. In reality, this Budget is neither unavoidable nor fair: instead, it is a massively failed opportunity to shift the economy into the greener, fairer direction that we need.

Devastating public spending cuts of the kind announced yesterday are not unavoidable. They are not some kind of economic inevitability, but an ideological choice. The reality is that there has been no public debate about the choice between tackling the deficit through cuts or through progressive and radical tax reform. Quite simply, that case has not been put.

That is hugely significant, because the fact that these cuts will have an enormous impact on generations to come means there needs to be a national consensus that they are the right way forward. There is not that national consensus; there is a growing sense of anger and disbelief about the scale of the cuts proposed, as well as a growing sense that the Government have been economical with the truth.

Let us be clear: we are not in the same position as Greece. Our cumulative national debt is not large by international standards. The structure of our debt is very long term—about 14 years. Much of this year's debt will be sold to British-domiciled individuals and companies, so the international sovereign debt crisis has much less impact on us. Those are the truths of the situation.

Sajid Javid: The hon. Lady said that our sovereign debt situation is not as bad as that of Greece. We do not just have to use Greece as an example; other countries have faced drastic situations and austerity measures. It is not reasonable to look at the size of the debt as a proportion of GDP; we also have to look at the amount of debt we have been issuing, borrowing £3 billion a week to help fund it. I am sure the hon. Lady is aware that last year the former Government printed about £200 billion in cash and borrowed about £225 billion on the gilts market. The only other country with a similar policy was probably Zimbabwe, so I am sure she is not advocating that we continue in that way.

Caroline Lucas: I thank the hon. Gentleman for his contribution, but if the then Government had not done that our situation would have been an awful lot worse. Many commentators are saying that this is a time to be investing, not taking money out of the economy. Our current situation would have been much worse if we had not had that stimulus at that time.

Despite what the Government say, we are not all in this together. Some people had more responsibility for the crisis than others and some benefited more from the boom that preceded it. It seems to me that those who enjoyed the largest benefits should pay the highest price. We need progressive tax reform. Increasing the tax take from those most able to pay it and helping lower earners by reintroducing the 10% tax band now would be a good start, both in raising revenue and in addressing inequality.

If we are looking for ways to find more revenue, let us bear in mind the huge extent of tax avoidance, tax evasion and unpaid tax in the UK. The figures are truly staggering. Her Majesty's Revenue and Customs admits that tax evasion and avoidance together come to almost £40 billion a year, and in November 2009 it admitted that £28 billion of unpaid tax was owing. Shocking as those figures are, some experts out there suggest that

[Caroline Lucas]

the total target for necessary action to collect tax due and owing could be more than £100 billion a year. Why do we not see more efforts to go after that kind of money?

There are a range of options for changing the UK tax rules progressively so that more than £40 billion of additional taxes could be raised each year by the end of the life of this Parliament. With tax-collecting efficiency savings, that would deliver more than £60 billion of tax revenues for the UK, thus preventing any need for cuts to public services.

I say that not because I think we should introduce all those tax measures—certainly not straight away—but to prove that we have a choice. Spending cuts are not the only way to address the deficit. Fairer taxation has never even been put to the public as an option. That is a betrayal.

Jacob Rees-Mogg: Is the hon. Lady aware that if the tax rises she proposes were introduced, we would have the highest ratio of tax to GDP that this country has had in 40 years—7% higher than the record achieved under Margaret Thatcher's Government?

Caroline Lucas: We also have a country that is at its most unequal at any time since the second world war. If someone asked me whether I would like either progressive tax reform or a much more equal society, I know which I would choose, because so much evidence suggests that unequal societies are not just incredibly damaging for those at the bottom of the heap, which is fairly clear; they are corrosive for everybody in society. Books such as "The Spirit Level" have demonstrated just how corrosive inequality is for everybody in terms of health outcomes and general well-being. I am happy to say here and now that I would much rather see an equal society. Of course, that is something the coalition Government told us the Budget was all about. It was supposed to be a fair Budget.

What choices were made? Let us be clear again that they were political choices; they were not inevitabilities. It was a political choice to make effective cuts to child benefit, the child tax credit and child tax funds that, together, cost £2.5 billion. Those cuts could have been avoided if, for example, the Chancellor had chosen not to cut corporation tax. It was also a political choice to increase VAT—a tax that hits the poorest hardest and that both Government parties said they were not in favour of increasing.

Raising the income tax threshold as some kind of compensation does nothing for the poorest households that do not pay income tax anyway, since in any given year about one in four families contains no income taxpayer at all. Uprating future benefits and tax credits only in line with consumer price inflation, rather than retail price inflation, will have a dramatic effect in increasing inequality in society. If we add to that the severe cuts in housing benefit, which will have a devastating impact on areas where significant numbers of people depend on it, such as my constituency of Brighton Pavilion, we can see that the menu we are being served up is very damaging indeed.

Let us remember that the vast majority of people who claim housing benefit are pensioners, people with disabilities or who care for relatives, or hard-working people on low incomes. As the director of Shelter has said,

> "If this support is ripped out suddenly from under their feet it will push many households over the edge, triggering a spiral of debt, eviction and homelessness."

If we add to that—if that were not enough—the impact of swingeing public spending cuts, we see a hugely bleak picture. Unemployment will grow, and anyone who leaves school or college in the next five years faces a grim future.

Of course, meanwhile, the rich have been largely let off. That is why we have seen the coverage we have seen in the *Financial Times* and everywhere else, with people saying that they are breathing a sigh of relief because the Budget did not hit them as hard as they thought it might. The rich will hardly notice the VAT increase. The bank levy is puny—less than half the £5 billion to £8 billion originally predicted—and is a fraction of City bonuses. That is not unavoidable; it is a political choice. The Government could have introduced a Robin Hood tax to raise billions—they did not. That was another political choice.

Unprotected departmental budgets will be savaged. Local government will need to slash services if it is to freeze council tax. Public servants, who did nothing to cause the slump, are being asked to bear an unfair share of the burden. Again, one thing we can say for sure is that we are definitely not all in this together. People on middle and low incomes have done much worse than expected, and the rich have been let off much of what they feared, but we will all suffer from an economy that now has a very real risk of going into a double-dip recession.

Many Opposition Members have talked about the importance of listening to commentators, such as Noble prize winner Joseph Stiglitz or David Blanchflower, about the real dangers of that double dip. David Blanchflower is one of the very few people who saw the recession coming. We should listen to his warnings now. The economy is still fragile. Today's measures will certainly slow recovery and could well stop it in its tracks. Even Martin Wolf says in today's *Financial Times* that we should be printing more money, rather than taking it out of the economy.

I should like to suggest that the real way out of the crisis, as well as fairer taxation, is through a major Government investment in the green infrastructure that this country so urgently needs if we are to emerge stronger from the recession than we were when we went into it. My party has called for the introduction of a green new deal—a massive and sustained investment in energy efficiency and renewable energy generation, which would create hundreds of thousands of new jobs, as well as cutting carbon emissions and making our economy more sustainable.

Let me give an example. Greens on a council in the north of the country brought an idea to the table that was accepted by the council and is being rolled out. Essentially, they leveraged some money from the energy companies and matched it with some council funding, and they are now rolling out free insulation for 40,000 homes in that area. That is not only cutting emissions, but saving average families about £150 a year on their fuel bills and creating 200 jobs. That sort of programme needs to be rolled out country-wide.

What about green measures in the Budget—or, better, where are the green measures in the Budget? Let us remember what the coalition manifesto promised. It said that it was promising

"a full programme of measures to fulfil our joint ambitions for a low carbon and eco-friendly economy".

Those ambitions cannot have been very high.

The coalition's first Budget offered little more than a passing reference to the green investment bank, just a few lines about future reforms to the price of carbon dioxide and a renewed promise on energy efficiency, so where exactly is this famous full programme of measures? I searched in vain, but instead I saw old style, big picture macro-economics, with a 4% cut in corporation tax over the Parliament and a regional growth fund for new businesses from next April that will provide

"a stable economic foundation for private sector growth".

I am not against that, but what kind of growth are we talking about? Where is any commitment to sustainability in the vision for growth? What about the commitment to the green investment bank, which is urgently needed to drive £2 billion into clean energy by 2020? Apparently, we are going to have to wait, as there was no particular urgency on the green agenda in the Budget.

We were told instead that the Government will put forward

"detailed proposals on the creation of a Green Investment Bank"

after the spending review, but we have heard that before. We are told that the Government are considering a wide range of options, but there is no confirmation of legislation and no mention of capitalisation. With nothing in the Budget on the green deal for households, we must wait for this autumn's energy security and green economy Bill. The low-carbon industrial strategy already appears to have lost urgency and direction.

The Chancellor talked a great deal yesterday about the crisis of national debt, but he barely mentioned the much bigger and more dangerous crisis of climate change. When the coalition Government were formed, Ministers said they would be the greenest Government ever. As I pointed out at the time, that, sadly, would not be very difficult, given Labour's lamentable record, but it does not look as though serious steps are being taken to make this a green Government either.

The Budget is economically dangerous, socially divisive and completely lacking in any kind of vision for sustainability. Tragically, an opportunity has been missed to introduce something genuinely progressive, such as a Robin Hood tax on financial transactions, measures to increase employment and cut emissions through a green new deal, and measures to introduce fairer taxation—in other words, measures to take us closer to the fairer, greener Britain that the coalition says it wants to achieve, but from which, after the Budget, we are further than ever before.

5.37 pm

John Stevenson (Carlisle) (Con): As a north-west MP, I welcome you to your new role, Mr Deputy Speaker.

I would like to think that a bit of history is being made today because, as the first Conservative MP to have been elected for Carlisle since 1959, I am the first Conservative from Carlisle to be making a maiden speech for 50 years. Since becoming a new Member, I have become conscious of the protocol that interventions, questions, answers and speeches should be short and to the point. I am sure that hon. Members will be pleased to hear that I shall follow that tradition.

My predecessor was a Labour Member, and although our politics, outlook and the way in which we do things are different, I acknowledge that Eric Martlew had the interests of Carlisle at heart. He came from Carlisle, he believed in Carlisle and he clearly did his best for Carlisle, and I do not think that more can be asked of a constituency MP.

I would like to cite two examples of Eric's work. In 2005, when we had the great floods in Carlisle that were devastating for many people, he got heavily involved and managed to convince the Government to spend considerable sums on building flood defences. I am delighted to say that those flood defences are now almost complete. Eric also had a great interest in rail and was a member of the all-party group on the west coast rail line. During his years as a Member, the Euston-to-Carlisle train journey time dropped considerably. I am benefiting from that, in that my train journeys are half an hour to an hour shorter than they would have been. If the high-speed rail link is introduced, I would like think that that journey time will drop further.

If hon. Members were to get the train to Carlisle, I do not think that they would be disappointed by our great city. Our compact border city is welcoming and friendly, and in many respects it is a well-kept secret—it was so secret that it successfully avoided being mentioned in the Domesday Book. The city is just 10 miles from the Scottish border, and as a Scot who has been elected for an English constituency right on the border, I am delighted to report that border relations are good and we support England's result today.

Carlisle has a rich heritage. Its castle was built by William II, and its cathedral, although small, dates from the 12th century. Of course, we have the world heritage site of Hadrian's wall, which is a popular spot for people walking from the east coast to the west coast, as well as the Tullie House museum.

We also have an industrial heritage. In the past, we had railways and crane makers, and the builder Laing originated in Carlisle; today, we still have a lot of manufacturing, with Pirelli cars, Nestlé, Carr's Milling and, with food manufacturing being a big thing in Carlisle, Carr's water biscuits—a real favourite of mine. We also still have a strong building society—the Cumberland building society—and long may that continue to be the case. Sadly, we have lost Border Television, although probably the only thing that people remember about that company is that it produced "Mr and Mrs". I hope that there will be a rebalancing of the economy. Carlisle may well benefit from that, because manufacturing is still very much a part of our local economy.

The most important thing is, obviously, people. I came to Carlisle 18 years ago and was made very welcome by the people of the city. I have lived and worked there, and there is no greater privilege than to become their representative. However, there are problems everywhere, and Carlisle is no exception. We have the legacy of the previous Government to deal with, and I believe that rebalancing the economy, improving education and helping the low-paid will be the key issues for Carlisle.

[John Stevenson]

How are we to make those improvements? In my view, first, we must decentralise. It is important that we take decision making back to the communities and allow local people to make local decisions for themselves. Whitehall has a role, but that role has become far too big. We now have the opportunity to return power to local people. I genuinely believe that elected mayors offer a way forward, because they bring transparency to local decision making and make people aware of who is in charge of their local community.

The Budget has been described as tough but fair. I genuinely agree with that description and think that three things flow from the Budget. First, we must encourage business. The real recovery will come from the private sector and we can achieve that only through the changes to taxation, which I welcome, and, of equal importance, less regulation and less interference in business. That is how businesses thrive.

Secondly, and very relevant to Carlisle, we must look after the low-paid. I think that the Budget helps with that through the increase in the personal allowance and child tax credit, linking pensions with earnings, and the council tax freeze. The pay freeze does not affect the low-paid—those paid less than £21,000—in our public services.

Thirdly, we have the public sector. The public sector is still important—still vital to our economy and our communities—but it has to innovate, think differently and do things differently. Let me make one suggestion to Government Departments. Carlisle has a low cost base, housing is of good quality but relatively cheap and our industrial sites are cheaper than those in many other places. I therefore suggest that the Government should consider moving Departments from the south to the north. Doing so will save them money and help to regenerate parts of Carlisle.

The Treasury team and Ministers in other Departments have many difficult decisions to make in the coming months, but they will not go far wrong if they follow Carlisle city's motto, "Be just and fear not." If I follow that motto as the Member for Carlisle, I think I will have done okay.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Hoyle): Order. Before I call the next speaker, may I say to hon. Members that we are running out of time and quite a lot of Members still want to speak in this debate. I am therefore setting a 12-minute limit on speeches, so that we have time for the winding-up speeches as well.

5.43 pm

Owen Smith (Pontypridd) (Lab): Noted, Mr Deputy Speaker. I welcome you to your new position.

I congratulate the hon. Member for Carlisle (John Stevenson) on making an excellent maiden speech. I made my own only a couple of weeks ago and know that it is a nerve-wracking affair. He gave an extremely assured and insightful performance.

I want to nail a disgraceful canard, which has been repeated several times this afternoon, that Welsh Members present today are absolutely uninterested in the England football score. I assure the House that I am very interested in that. I wish England well and hope they go all the way, but, to be blunt, such is the seriousness of today's debate that I had to forgo the pleasure of watching the game and instead sit in the Chamber throughout the afternoon, listening to the excellent speeches made by Members on both sides of the House. Far more seriously, there is another canard that I would like to try to nail: the belief that Labour Members have acted both before and since the election as if nothing needed to be done in the face of the economic crisis. We did act before the election, and made tough decisions to attempt to shore up the economy to make sure that there was not a more profound recession or, indeed, a depression as a result of the global economic crisis. I believe that we secured a better future for the country as a result of those actions.

Before the election, we acknowledged that we would need to tighten our belt and make post-election savings to redress the balance and to draw down the deficit. We certainly spelled out the fact that we would make cuts and savings of £40 billion. We did not spell out exactly where those cuts would fall, but neither did the then Opposition. They gave us the impression that they would do more, and they mentioned £6 billion of savings that they would make in efficiency cuts. We were not told about the specific measures that appeared in the Budget yesterday. We were not warned about the VAT rise that they have now deemed necessary, and we were not warned about the enormous and savage cuts that we expect in the autumn to public services. Those things were not spelled out by the then Opposition. If we had won the election—doubtless, many Liberal voters, both in my constituency and up and down the country, now wish that we had done so—we would have to make some tough decisions. However, I believe that we would make them in a way that was genuinely fair and informed by principles of social equity and economic justice.

I do not believe that the decisions announced in yesterday's Budget meet those principles. Many people say that politicians are all the same but, like my hon. Friend the Member for Ogmore (Huw Irranca-Davies), we can no longer go on believing that there are not genuine ideological divides between the two sides of the House. Yesterday's decisions clearly mark out the Government's territory, and I contend that if we were in a similar position, the values that I have just outlined and which inform our politics would lead to a different set of conclusions that would not result in the poorest and the most vulnerable having to bear the pain and pay the price for paying down the deficit.

I commend the Secretary of State for Business, Innovation and Skills for the chutzpah with which he performed today's volte-face. It was truly remarkable to see him stand at the Dispatch Box and defend this Tory Budget and Administration to the hilt. He bore eloquent testament to the old adage that there is no one as zealous as a convert. He invoked the name of Sir Stafford Cripps, the famously austere Labour Chancellor, who—this says a few things about austerity—was rumoured to get up in the morning and prepare with an ice-cold bath at 5 am before coming to the Chamber. I am not sure that the Secretary of State does that yet; perhaps he will move on to that. It was wholly unfair of him to invoke the name of Sir Stafford Cripps, because while the 1949 Budget was an austere Budget—he was right at least to imply that it was a Budget in which a Labour Chancellor

raised the forerunner of VAT—the austerity of the measures that were recommended yesterday is such that even Sir Stafford Cripps would find them breathtaking and, indeed, eye-watering.

The scale of cuts proposed by the Government—25% in non-ring-fenced departmental budgets—was previously unimaginable in the history of Parliament. We have never seen cuts on such a scale.

We have heard invoked many examples—analogies—of other countries where similar cuts, or allegedly similar cuts, and programmes have been implemented, but today we have heard those analogies thoroughly knocked down. Canada and Sweden are two such examples. We know that Canada succeeded in implementing a programme of cuts which was half the size of what the Government now propose, and did so in twice the time. Government Members have repeatedly referred to Sweden, but again the very clear evidence of history is that Sweden tried to implement swingeing cuts of only 20% and did so over 15 years, not five. So we have something that is twice as draconian as what was done in Canada, three times as draconian as what was attempted in Sweden and, on many measures, more punitive than the extraordinary programme of cuts that the IMF has imposed on Greece—an analogy that even the Secretary of State for Business, Innovation and Skills acknowledges is not appropriate. Many Opposition Members have already outlined the statistics that underpin that contention.

I stand here as a Welsh Member fearful that my constituents will suffer disproportionately as a result of the Budget. The *Financial Times* stated earlier this week and the Manchester school of economics pronounced only this morning that, inevitably, parts of the country such as mine will suffer disproportionately. For all sorts of reasons, we have greater economic problems, relating to our post-industrial heritage, and a greater reliance on public sector jobs and spending, and I am deeply worried that currently there are no indications from the Government about how they will alleviate or offset that damage in areas of Wales such as my constituency.

As we look at the blizzard of statistics in yesterday's Red Book and trade them across the Floor of the House, the human impact of those cuts is too often forgotten. I went back to my office yesterday evening to find several e-mails from constituents who are deeply worried about the proposals. I highlight the case of a couple, Phillip and Sandra Woods, who said that they were terrified that they would see an assault on the benefits that make their life liveable. They are severely disabled and rely on disability living allowance, jobseeker's and employment allowances and housing benefit. For those people, who live on meagre amounts of money, hand to mouth, week to week, the Budget presents a horrifying prospect. Equally, they were right to point out their anger that so many Government Members castigate such people as part of the problem, as opposed to people who need to be supported in our communities.

I have one more human example of the cuts: the public sector workers at Companies House in my constituency at Nantgarw. They are relatively low-paid public sector workers, working in a Government Executive agency—sitting beneath the Department for Business, Innovation Skills—that is profitable. It is statutorily mandated to operate within its costs and to return to the Exchequer 3.5% per annum. I cannot understand the logic or fairness of what has happened to those people, because they are being asked to suffer 11% cuts. That means moving jobs out of my constituency, fewer jobs moving into Cardiff and the local management imposing a pay freeze that will not be offset by the £21,000 cut-off suggested by the Government yesterday. Companies House management, in order to meet their requirements of 11% savings, will have to freeze pay across the board and stop any staff promotion. Both measures are punitive and unfair, and when I meet the workers at Nantgarw I cannot explain why they should be asked to pay the price for a crisis that was made on trading floors and in bankers' back rooms.

It is a shame that the hon. Member for The Cotswolds (Geoffrey Clifton-Brown) has left the Chamber, because he gave a paean of praise to UKTI earlier, and he ought to know that UKTI will be subject to that 11% cut. Far from its being protected, it too will be subject to serious cuts.

Why have we been told that we need to make these cuts? It is because of the false spectres that are being raised on the Government Benches, including the notion that our markets were in danger of pulling the rug out from under the economy and that we were about to have our triple A rating withdrawn by the very people who got all the ratings wrong, or certainly got their call wrong on where we stood in respect of sub-prime debt. Equally, we are being fed lines about the nature of the unaffordability of our debt that I suggest we should ignore.

I close with a plea that Government Members remember the human cost of budget cuts and look ahead to the comprehensive spending review, when we anticipate seeing even greater cuts implemented. They should think hard about how that will bite on ordinary working people in our communities in places such as Pontypridd, and think hard about what we can do to alleviate that and to implement cuts in the most sensitive and affordable manner possible.

5.56 pm

Alok Sharma (Reading West) (Con): I start by congratulating my hon. Friend the Member for Carlisle (John Stevenson) on his passionate speech and on speaking up for localism. That is something that Government Members strongly believe in, and I hope that we will see it acted out in the Government's manifesto.

Having listened to Opposition Members during today's debate, it is interesting that not a single one of them had anything positive whatsoever to say about this Budget; in fact, many of them have denounced it in no uncertain terms. There has been a great deal of shaking of heads and gnashing of teeth. What always happens in these cases is that Labour develops something called collective amnesia about why we are having to make these tough choices on public expenditure and on taxation. Let me therefore remind them, once again, why that is the case. I see that the hon. Member for Easington (Grahame M. Morris) is laughing, but he really should try to understand why this is happening. The reason is very clear. Under Labour, we have had the deepest recession on record and the longest recession of all the G20 countries. Under Labour, we have ended up with the largest deficit in Europe and the national debt has doubled.

Let me quote what the co-chief investment officer of Pimco, the largest bond fund manager in the world, said in January 2010:

"The UK is a must to avoid. Its gilts are resting on a bed of nitroglycerine. High debt with the potential to devalue its currency present high risks".

[Alok Sharma]

The trajectory under Labour's plans is pretty clear. If we were to do what Labour is suggesting, we would have the potential loss of our triple A debt rating, higher interest rates, more business failures, and sharper rises in unemployment—everything that nobody, on either side of the House, wants to see. There has been a lot of talk about Greece. Perhaps Labour Members should look at what happens in a country such as Greece when it does not get to grips with its public finances and there is a loss of confidence by the capital markets.

In 1997, the Labour Government inherited a golden economic legacy. In 2010, what did Labour leave the current Government? Oh yes—a note from the former Chief Secretary to the Treasury declaring, "I'm afraid to tell you there's no money left." That is exactly why we are having to make these cuts. Let me absolutely clear about this, although Labour Members may not agree: out there—outside this House—very many members of the general public take the view that these public expenditure cuts are ultimately Labour's public expenditure cuts, and that the tax rises are ultimately Labour's tax rises.

Of course, the pied piper of Labour's decade of debt—the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown)—has not been seen in the House for quite some time, but I hope he has had the chance to reflect on the damage his Government's policies did to our economy, and that when he returns, he will say the one word we had hoped to hear from a Labour Member: sorry. I am sad to say that we have not heard it.

In the past four years, I spent a lot of time talking to businesses and business organisations in Reading, so I should like to spend the rest of my speech talking about the measures in the Budget for them, particularly small and medium-sized businesses, which are the backbone of our economy, save to make one point on public services. We can all agree that we want a world-class health service and the best schools for our children, and we want dignity and financial support in retirement for our pensioners, but to fund high-quality public services, we need a vibrant private sector to lead growth and recovery.

Businesses in my constituency in the past few years have invariably told me that they feel overtaxed, overburdened by red tape and regulation, and overwhelmed by a complex tax system. They want help in getting credit flowing. The base rate may be 0.5%, but that bears little relation to the spreads that businesses must pay when they go for bank debt. We need to get to grips with that. Above all, businesses want us to tackle national debt and to get some confidence back into the country. That is what we hope the Budget will do.

We talked about over-regulation and the tax system. Because of the previous Government, we now have the longest tax code in the world. According to the Federation of Small Businesses, small businesses spend seven hours a week filling out forms. According to the British Chambers of Commerce, new regulation since 1998 has cost British businesses almost £77 billion.

The Thames valley and Reading are relatively prosperous parts of the country, but the recession did not pass us by. Shops closed, businesses folded and people lost jobs. Labour Members say that Labour did a lot to help local businesses, but I can tell them that local businesses in my part of the world and the rest of the country got by because they helped themselves. They increased productivity and took pay cuts, and instead of people working five days a week, they worked four. There has been a lot of pain in the private sector.

Heather Wheeler (South Derbyshire) (Con): My hon. Friend is absolutely right to draw attention to the fact that small and larger businesses have taken the hit. We hear so often from Labour Members that they are worried about what is happening in the public sector, but that sector needs to take a leaf out of the book of the private sector, in which people have taken 10% cuts and four-day weeks. That has not happened at all in the public sector. We are looking for an increase in productivity. A 25% reduction does not necessarily—

Mr Speaker: Order. I just very gently say to the hon. Lady that an intervention must be just that; it must not be a mini-speech.

Alok Sharma: Thank you, Mr Speaker.

On Government help for local businesses, during the height of the recession, I attended a meeting of more than 100 people from businesses in my constituency. That was when the then Business Secretary, Lord Mandelson, was parading all over the place to tell us about all the schemes he was introducing to help local businesses. When I asked those business people whether a single one of them had been able to access any of the funds that Lord Mandelson was talking about, two hands went up in a room of more than 100 people. Both those people had tried to access the funds, but found the process too complicated and gave up. The reality is that businesses were not helped by the previous Government. I am pleased that in the Budget the Government propose a lower corporation tax rate, simplifying the tax system, reducing red tape and getting credit flowing.

I am delighted that the main rate of corporation tax will be reduced from 28% to 24% over four years, which will end up being the lowest rate among the G7 countries. Local communities, businesses and business organisations in my constituency have told me that they are delighted that the small companies rate will go to 20% instead of the planned increase to 22%, as proposed by the previous Government. On the jobs tax, which was talked about during the election and which universally businesses were not happy about, I am delighted that under the Budget the negative effect of the employers' rate rise in national insurance will largely be reversed by increasing the threshold for employer NI contributions by £21 a week above indexation. That means that the number of employees for whom employers will pay no national insurance will rise by 650,000.

We will see a simplification of the tax system. As the Budget Red Book makes clear, tax competitiveness is not just about rates and incidence of tax; predictability, stability and simplicity are also important. Like many Government Members, I look forward to the details of the proposed independent office of tax simplification. The key point is that local businesses want time to get on and do business, and not to get bogged down by red tape. I am delighted, therefore, that the Government have said that they understand that the volume and complexity of regulation can damage UK competitiveness.

I am pleased, therefore, that we will have a one in, one out system for new regulations as well as the imposition of sunset clauses.

A number of small businesses in my constituency that I have talked to are keen to get a share of the Government's pie when it comes to spending. Again, therefore, I am pleased that under the Budget the Government plan to promote small business procurement by publishing central Government tenders online from the end of the year. The final thing that many businesses want is credit to start flowing again, and I am pleased to see that recognised in the Chancellor's speech and reflected in the Budget documentation. The Government recognise the need for banks to promote lending, especially to small and medium-sized enterprises. I am delighted that there is going to be an increase in the enterprise finance guarantee and the creation of the growth capital fund, which will help fast growing small and medium-sized businesses.

Several Members have also touched on the banking sector. It is important that the Government want to ensure that the banking system and the financial markets meet the longer-term needs of the economy, and I look forward, therefore, to the publication of the Green Paper on business finance before the summer recess. This is a tough but fair Budget. We have had to make so many difficult choices because of the legacy left to us by the previous Government. I am pleased that, as part of the Budget, the Chancellor has made every effort to protect the most vulnerable people, including pensioners. That is so important and the hallmark of a fair society. The Budget will focus on returning stability to our economy, on getting the country back on its feet and, over the coming years, on delivering strong growth to the economy.

6.8 pm

Chris Williamson (Derby North) (Lab): I congratulate the hon. Members for Harrogate and Knaresborough (Andrew Jones) and for Carlisle (John Stevenson) on making their maiden speeches today.

A week before the general election, the Prime Minister said:

> "The test of a government is how it looks after the most vulnerable, not just in good times but also in bad".

On April fools' day, he told BBC News that the Conservatives' plans did not involve an increase in VAT, and when speaking on "The Andrew Marr Show", the Prime Minister also said that

> "any cabinet minister...who comes to me and says, "Here are my plans" and they involve frontline reductions, they'll be sent straight back to their department to go away and think again."

That prompts the question: why did he not ask the Chancellor to think again about his dreadful Budget—a Budget that will result in the quality of life of Britain's most vulnerable people being sacrificed on the altar of Tory dogma, a Budget that will result in massive reductions in front-line services, and a Budget that will lead to a colossal increase in unemployment? It is less than seven weeks since the Prime Minister made those solemn pledges, but the Chancellor's proposal to increase VAT is making a fool out of him.

We must not forget the Deputy Prime Minister either, who said that he wanted to "hardwire fairness" into society. However, increasing VAT does not hardwire fairness into society; on the contrary, it short-circuits fairness, because it hits the poorest families twice as hard as the richest. Britain's richest families spend just 7% of their disposable income on VAT, while the poorest spend almost 14%. How fair is that? The truth is that it is not fair at all. Cutting tax credits, freezing child benefit, slashing housing allowances, cancelling the help in pregnancy grant and chopping free school meals are not fair either.

No doubt the Liberal Democrat members of the coalition Government will point to the increase in tax thresholds that they wrung out of the Chancellor as evidence of their influence. However, the sad fact is that the meagre increase that they secured will make little difference to low-paid workers and will be more than offset by the regressive measures that the Chancellor announced yesterday. Worse still, many of the workers who might benefit from the modest uplift in tax allowances will end up losing their jobs if the Liberal Democrats vote through the Budget.

Of course, the Prime Minister and the Chancellor insist on repeating their quasi-egalitarian mantra, "We're all in this together." Needless to say, it is nonsense, and it has overtones of the infamous scene in George Orwell's "Animal Farm" when the animals realise that the pigs have changed the seven commandments to read:

> "All animals are equal but some animals are more equal than others"—

or, to put it another way, "We're all in this together, but if you're poor, you're in it a lot deeper than others," such as the numerous millionaires who sit on the Government Benches.

Increased unemployment will force more people on to state benefits, which will put pressure on the size of the national deficit, which the Chancellor claims to be so concerned about. However, unless he has a damascene conversion, I suspect that he will respond to the failure of his economic prospectus by making even deeper cuts in welfare provision, as happened in the 1930s and 1980s. No doubt he will try to justify his failure by repeating his Orwellian mantra, but the reality is that it will not be his former Bullingdon club colleagues paying the price of that failure. No, it will be Britain's poorest people, who will be in it up to their necks.

Of course, the Tories have form on that. I saw what they did in the 1980s to proud working-class communities in constituencies such as mine all over the country. They caused mass unemployment, slashed welfare provision, decimated front-line public services and did not stop cutting until they were thrown out of office in 1997. They even used another Orwellian ploy: to blame the unemployed for being out of work, labelling them as "scroungers". Indeed, I see that the Prime Minister was at it again over the weekend when he talked about "welfare scroungers". The Chancellor joined in the Orwellian chorus with his "Ministry of Truth" description of his Budget as a "progressive Budget".

Andrew Percy: I have a quick question for the hon. Gentleman. Can he tell us whether unemployment in his constituency was higher or lower at the end of 13 years of a Labour Government?

Chris Williamson: Unemployment certainly fell in my constituency in the 13 years of the previous Labour Government. I will tell the hon. Gentleman this as well:

[Chris Williamson]

thanks to the measures that they put in place, poverty was reduced in my constituency, people enjoyed the national minimum wage and were able to get health treatment far more quickly than previously, and children were not taught in overcrowded schools, so let us have no more lectures from him.

Let us never forget that everything that I have described has only been made possible by the vacillating Liberal Democrats, who say one thing then do another. Less than seven weeks ago, the Deputy Prime Minister said that his party represented a new kind of politics, with fresh ideas. What we got was a party supporting reactionary right-wing policies instead. Fewer than seven weeks ago, he was apparently opposed to the self-same right-wing policies that he now endorses. This is what he told his party conference on 23 September last year:

"We know what happens when you simply squeeze budgets, across the board, until the pips squeak. We know, because we lived through it before, under the Conservatives. We remember the tumble-down classrooms, the pensioners dying on hospital trolleys, the council houses falling into total disrepair. We remember, and we say: never again."

In an interview with Jeremy Paxman on 12 April this year, the Deputy Prime Minister said:

"Do I think that these big cuts are merited or justified, at a time when the economy is struggling to get to its feet? Clearly not."

That is what he said at that time.

Millions of people who rejected the Conservatives' right-wing policy prospectus were seduced into voting for the Liberal Democrats by the Deputy Prime Minister's rhetoric. People actually believed that the Liberal Democrats represented progressive values. How wrong they were. People now see that the reality is very different from the Deputy Prime Minister's rhetoric. People see that he is now so determined to appease his Conservative masters that he is even prepared to sacrifice his own constituents by opposing a Government loan to Sheffield Forgemasters.

That is nothing new. The Liberal Democrats and their predecessors in the Liberal party have assisted the Conservatives into power in four out of the last seven general elections. It is thanks to the Liberal party splitting the centre-left vote in 1983 and 1987 that Margaret Thatcher was able to secure two landslide election victories. Then the Liberal Democrats did the same thing in 1992, forcing the country to endure another five years of Tory rule. The truth is that they are not a progressive party at all; they are merely a collection of self-indulgent political loners.

All the post-war progressive legislation has been introduced by Labour Governments often in the teeth of fierce opposition from the Tories and sometimes the Liberals, too. Examples include the NHS, the welfare state, comprehensive education, equal pay, civil partnerships, the national minimum wage, Sure Start, the ban on fox hunting, and the Open university, to name but a few.

Guy Opperman (Hexham) (Con): Will the hon. Gentleman give way?

Chris Williamson: No, I do not have time.

Some of the country's greatest progressive advances were brought about by Labour when the size of the national debt was far higher than it is today.

I heard Members of the coalition parties, including the Chancellor, eulogising the Canadian experience of cutting its deficit in the 1980s and arguing for the same approach to be adopted here, but their "Ministry of Truth" description of themselves as "compassionate Conservatives" imposing so-called caring cuts defies all reason. The reality of the Canadian experience saw increased homelessness, overcrowded classrooms, pension cuts and a drastic shortage of hospital beds. On one occasion, the Canadians even emptied a hospital and blew it up in a desperate attempt to save money. Is that really what the coalition parties mean by "caring cuts"?

By contrast, the US President has written to all G20 leaders begging them not to cut spending too quickly. Mr Obama says it is critical that

"the timing and pace of consolidation in each country suit the needs of the global economy".

He adds:

"We must be flexible in adjusting the pace of consolidation and learn from the consequential mistakes of the past when stimulus was too quickly withdrawn and resulted in renewed economic hardships and recession."

But the Chancellor just does not seem to get it. He is obsessed with implementing an approach that failed in the 1930s, failed in the 1980s, failed in the 1990s and is destined to fail again. He wants to implement an unfair budget that will hit the poorest hardest, undermine the economic recovery, destroy public services and increase unemployment.

David Blanchflower, one of Britain's top economists, said today that he is

"now convinced that as a result of this reckless Budget the UK will suffer a double-dip recession or worse, not least because there is no room for interest-rate cuts, although lots of additional quantitative easing... from the Bank of England could soften the blow".

Growth is the key to addressing the deficit, and the Budget is a wasted opportunity. The Chancellor has chosen to penalise the weak and the powerless, instead of making the rich and powerful individuals and institutions pay.

Jessica Lee (Erewash) (Con): The lack of responsibility taken by Labour Members for the state of the country's finances is breathtaking. The Labour Government left this country not with a small hole in the public finances, but with a yawning chasm, which this Government will have to sort out.

Chris Williamson: That irresponsibility is on the Government Benches, because David Blanchflower, an esteemed economist in this country who predicted the recession and who should be taken seriously, is now predicting a double-dip recession as a result of "this reckless Budget". The hon. Lady ought to reflect on his words, rather than criticising Labour Members.

Rather than taking the appropriate steps against powerful individuals and institutions, to ensure that they pay a fairer contribution towards reducing the deficit, the Chancellor has chosen to penalise the weak and the powerless. The Budget has let down the great British public. I assure Government Members that it will come back to haunt them. We will certainly ensure that the British public know what this Government, and the Liberal Democrats in particular, have inflicted on them. When the next general election comes, the Liberal

Democrats, who have been swallowed whole by the Conservative party in this Chamber, will live to regret the day that they put the Tories in power.

6.22 pm

Mary Macleod (Brentford and Isleworth) (Con): I am grateful for the opportunity to speak in this debate on a matter that impacts on the life of every person in the country, every minute of every day. I congratulate my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) on his maiden speech, in which he spoke warmly about Yorkshire at its best, and said that his constituency was open for business. He took the words out of my mouth, because I was going to say that my constituency was open for business, and that shows how we need the whole country to be open for business after the Budget. My hon. Friend the Member for Carlisle (John Stevenson) also made his maiden speech, in which he spoke about regeneration. I am sure that he will be just and fear not in his time in the House.

This is a serious Budget for serious times. As my hon. Friend the Member for Bournemouth East (Mr Ellwood) reminded us, this is also a day when England were playing a serious game of football. On behalf of the House I congratulate our team on winning the game, and perhaps they will continue to win throughout the World cup.

I really do not know what planet the hon. Member for Derby North (Chris Williamson), who has just spoken, is on. He should be apologising for what the previous Government did to take the country to the brink of ruin.

Guy Opperman: The hon. Member for Derby North quoted some statistics at us about the degree of unemployment in his constituency. I am lucky enough to have the paper on unemployment by constituency from June 2010; handily, it was in my pocket as I walked into the Chamber. Without going back 13 years in relation to the Labour Government, let me say that the paper indicates that in Derby North in May 2005 there were 1,318 jobseeker's allowance applicants, but that that has now gone up to 2,576—a significant increase, one might think, of 95.4%.

Mary Macleod: My hon. Friend is absolutely right. That proves that the Opposition are living on a different planet, and that they have not a clue about what they have really done to the country over the past 13 years.

This emergency Budget is very much about a plan for the future. We have shown that we are bold enough to make the tough decisions that need to be made. The Chancellor has been faced with a deficit of a size that we have never seen before. I commend his Budget and his determination to stick to the principles of responsibility, fairness and enterprise. Not acting to reduce the deficit is simply not an option. We are not in a position to decide whether to deal with debts or go for growth, as Labour would have us believe. We have seen from the recent crises in the eurozone that unless we deal with those debts, there will be no growth. This Budget is about achieving balance in our economy by paring spending to affordable levels and stimulating growth so that we can encourage business and enterprise.

Mr Tom Harris (Glasgow South) (Lab): I hope that the hon. Lady will steer away from misleading the House into believing that the Labour Government did not wish to reduce the national deficit, because she must know that they proposed to halve it over a period of four years. Can she tell us with what part of that package she has so much difficulty?

Mary Macleod: The hon. Gentleman clearly has a very short memory of what the present Opposition did to the country. What we, as the Government, need to do now is address the present situation and, as we have done in the emergency Budget, come up with measures to turn it around.

Far from being reckless, as was suggested yesterday by the right hon. and learned Member for Camberwell and Peckham (Ms Harman), this Budget has shown that the Government are prepared to take on their responsibilities and make the tough decisions required. That is something that the previous Government neglected to do. We are putting the country first, and doing the right thing. What would be reckless would be to continue to allow debt interest payments to increase as they have been doing. The cuts that are coming are actually Labour cuts. We have inherited a mess far worse than we were told we would inherit before the election, and we are paying the bills for the last Government's irresponsible actions. That is their legacy to Britain. If we carry on as we are, we may be paying about £70 billion in interest on our debt in five years' time.

Huw Irranca-Davies: I said in my speech that no one could avoid cuts, efficiencies, choices, priorities and projects, but there is a choice to be made in terms of both timing and speed. I ask the hon. Lady to hesitate before saying that the proposals from the coalition Government are the only way forward. There are plenty of voices out there saying that there are other ways of doing this.

Mary Macleod: The hon. Gentleman spoke very movingly about the impact on his constituents. Let me reassure him that I believe that this is the right Budget for the future, and that his constituents will recognise that over the next five years. If we retain our current debt in five years' time, however, we could be paying more in debt interest than on educating our children, policing our streets and defending our country, and that would be a disgrace.

The United Kingdom remained in recession for longer than the other G7 countries. Output declined for six consecutive quarters, and we now have the highest inflation in Europe. Continuing with business as usual simply is not an option, so we are faced with the task of making the unavoidable, and in some cases unpalatable, decisions that have been called for by the Governor of the Bank of England, the G20, and many in industry. Mervyn King has described the Government's deficit reduction as "strong and powerful". He said:

> "I am very pleased that there is a very clear and binding commitment to accelerate the reduction in the deficit over the lifetime of the Parliament".

The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso)—I went to Lairg primary school, so I am very fond of his constituency—talked about the risks and pain associated with the Budget, but

[Mary Macleod]

he also said that this was something that we had to do. I agree wholeheartedly with that. However, we have tried to do it in a way that spreads the pain that is so inevitable, while protecting those most at risk and establishing the conditions required to ensure future growth.

First, let us look at the impact on business. Businesses large and small have much to be hopeful about following this Budget. As in other constituencies, there are many such businesses in Brentford and Isleworth. They need a stable economic environment in which to prosper, and this Budget will deliver that. The cuts in corporation tax will benefit them greatly and encourage them to continue to grow their staff and expand their operations in the UK; and smaller businesses will appreciate the cut in the small companies tax rate from 22% to 20%.

However, let me tell Members what some of my constituents said to me when I spoke to them today. The chief executive of West London Business, who represents more than 800 businesses in west London, said:

"Overall we feel that this is a pro-business Budget and we are pleased with it: a key element is the reduction in corporation tax which is positive for all businesses; 89% of businesses in our area have fewer than 10 employees so they will be happy with the relief on national insurance payments for small businesses. Whilst CGT has increased; these are welcome allowances for business."

I also spoke to Andrew Doggwiler of the Hounslow chambers of commerce. He said:

"It was a tough Budget with a lot of pain being shared around, aimed at reducing the public sector deficit and restoring the confidence of the international markets in the British economy…There are positives for business in terms of reduction in corporation tax rates, extension of the enterprise finance guarantee scheme and increase in the entrepreneurs' relief, which indicates that the Government are keen to promote business success. The Government must continue to find ways to support businesses, particularly small and medium-sized businesses, as their success is the best way of ensuring a sustainable economic recovery creating long-lasting jobs and wealth."

That is what businesses in the hearts of our constituencies are saying.

Owen Smith: I ask the hon. Lady to reflect on the views of others in business. Ernst and Young has already said that it feels the Government have not fully understood the long-term financial consequences of the cuts, by which it means the reduction in demand in the economy. May I also point to the view of an inward investor in my constituency, GE Aircraft Engine Services Ltd, which feels that the reductions in corporation tax will not offset the damage done to its ability to invest by the reductions in capital allowances that manufacturing relies on?

Mary Macleod: I understand what the hon. Gentleman is saying, but I have been in business for 20 years, and I could cite plenty of others, including Richard Lambert, director general of the CBI, and the OECD, which says the Budget is far-reaching and courageous, so we need to have a balanced view.

I believe very strongly in the enterprise-led economy that we have put in place, and we have the building blocks in place to support future industry. That is why I was pleased to hear that spending on many capital investment projects will go ahead. Naturally, I will put in a request for Crossrail, a much needed capital investment for London.

Secondly, we also have to tackle the excess costs. This Budget has tried to create the right infrastructure for the future, but it is vital that we tackle the excess costs within our economy and get control of the welfare state. I have received letters from, and spoken to, constituents who feel it is unfair that they have worked hard all their lives and have paid taxes and are living in modest circumstances, whereas others are not working and are being supported by the state in accommodation way beyond anything they could envisage for themselves. As the Chancellor said, some of these benefits have got completely out of control, and we must review these costs.

The Chancellor was also right to point out the waste that the benefits culture engenders, not only in a financial sense to the state, but in terms of the loss of talent from individuals themselves and the ongoing impact on self-esteem and stress on family life to which living in workless households can lead. I therefore welcome the proposals that the various welfare to work schemes will be combined and simplified to support people back into jobs. It is vital for the revised scheme to be as flexible and creative as possible, particularly when looking at ways to bring groups such as lone parents whose children are at school back into the work force.

Thirdly, I want to comment on departmental budgets, which will focus the minds of many of us here in the next few months. I certainly support the target of making savings of 25% in those budgets over the next four years. I have spent many years in business cutting costs in operations around the world and I feel that the 25% figure is challenging and tough, but definitely achievable and necessary.

Fourthly, I want to mention a group in our society who are often overlooked and about whom I am often reminded by my constituents—pensioners. We all know the facts about how many of us are living and thriving into old age these days, but after 13 years under Labour there are still 1.8 million pensioners living in poverty. Many of my retired constituents feel that the contribution that they have made throughout their lives to our economy and society as a whole is not recognised as they struggle to live on their pensions or, if they save money, as they are penalised by taxation policies that seem unfair. I am delighted that we will now be able to restore some of that respect for our older citizens by putting in place the link between pensions and earnings from next April, and through the triple-lock guarantee.

I met one of my spritely 70-year-olds the other day at a surgery. He asked for the Government's support in helping him to go on working. He said, "I'm fit and well, I love my job, I'm perfectly able to carry on working and I want to be able to continue to do so." I hope that I will be as energetic as him at his age, and I should like us to take people like him into account when we consider the future of the retirement age.

Andrew Percy: My hon. Friend talks about support for older people. Does she agree that one of the biggest costs for elderly people in the past 13 years has been the doubling of council tax that we saw under previous Governments? In north Lincolnshire, that was done year after year by the Labour council.

Mary Macleod: I agree wholeheartedly with my hon. Friend.

I commend the Government for their plan to increase the tax allowance to £7,475, and I should like to see that go further. Perhaps that level will rise in the next few years. In conclusion, this progressive Budget has set us off on a journey of change. It is well thought out and it gives us a route map for the next five years. I commend the Budget and the courage that it shows in doing what is right for the economy and the country.

6.37 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): Yesterday's Budget should be judged on three key tests. First, will it protect and enhance economic growth, and nurture an all too fragile recovery from the worst global recession since the 1930s? Secondly, is it fair and will the poorest and those least able to defend themselves be affected the least? Thirdly, less than two months after the general election, does it reflect the election manifestos of the coalition Government? On each of those tests, the Government's Budget is found wanting.

It would be remiss of me not to congratulate the hon. Members for Harrogate and Knaresborough (Andrew Jones) and for Carlisle (John Stevenson) on their maiden speeches. The hon. Member for Harrogate and Knaresborough made a fluent and interesting maiden speech. Having initiated the first debate on social enterprises in this House, I welcomed in particular his interest in and support for social enterprises. He talked about his constituency being affluent and having excellent schools; perhaps at another time, he might acknowledge more generously the part played by the excellent work of the previous Government in that respect. The hon. Member for Carlisle also made a fluent and interesting speech, offering generous praise to his predecessor, Eric Martlew, who continues to be well liked on both sides of the House. I hope that the hon. Gentleman will forgive me for being unable to share his assessment that the Budget was, although tough, also fair, but I shall come to that later.

This is the Conservative party's Budget—no one seriously thinks that the Liberal Democrats were the driving force behind it, despite the protestations of the Business Secretary and others—and to listen to the Conservatives, one would think that there had not been a global recession. One would think that there was not a need to protect families or to keep demand in the economy, and that the borrowing and other measures that the previous Government took to stimulate the economy were not needed. We took decisive action to invest in the economy and to create the demand that the private sector needed to minimise business failures and job losses.

As the shadow Chancellor made clear, the measures that we took were continuing to have a positive impact. There was a return to growth—fragile, yes, but it was a return to growth. Unemployment was stabilising and starting to fall, while tax receipts were up and borrowing was lower than expected. The Office for Budget Responsibility has made it clear that the measures taken by the last Government are the reason why the economy is growing now. Indeed, those measures were part of Government spending plans which, as the shadow Chancellor pointed out, the party opposite supported until the end of 2008.

The run-up to the Budget was marked by a remarkable level of dangerous scaremongering by the party opposite. The Chancellor has been marching from one television studio to another and, like Don Quixote, he has continued to tilt away at Greek windmills while the Chief Secretary and now the Business Secretary have been competing to be Sancho Panza, bobbing loyally along behind.

We are not remotely in the same position as Greece, yet time after time, Front Benchers and Back Benchers opposite have sought to raise the spectre of Greece to justify the approach behind the Budget. The truth is that this Budget puts at risk a fragile economic recovery. On the OBR's forecasts, growth will be down this year as a result of measures in the Budget, and down next year too. Unemployment will be higher as a result of the measures in the Budget, which will cut jobs in the public sector and the private sector too because, as my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith) noted, many companies supply goods and services to the Government. The OBR acknowledges that employment will drop by 100,000 as a result of this Budget, and it is true to say that many outside voices expect the figure to be higher still. With tens of thousands more on the dole queue and employment levels down, it is fair to say that this is a return to traditional Tory politics.

The Budget also fails the fairness test. It savages support for the poorest and most vulnerable. Child benefit will be cut, and tax credits reduced for families on low and modest incomes. Support for families with young children is being axed, and the VAT rise will hit the poorest hardest. The Conservative party promised not to balance the Budget on the backs of the poorest, yet they have done exactly that. The Financial Secretary may not yet be aware of the damning verdict of the Institute for Fiscal Studies on the fairness of this Budget, but it has said that it will

"hit the poorest hardest and...keep on hitting them more and more every year".

The same point was made with considerable force by my hon. Friends the Members for Pontypridd (Owen Smith), for Ogmore (Huw Irranca-Davies), for Kingston upon Hull North (Diana R. Johnson) and for Derby North (Chris Williamson), and by the hon. Member for Brighton, Pavilion (Caroline Lucas).

Guy Opperman: Will the hon. Gentleman give way?

Mr Thomas: Given the time, no. I apologise to the hon. Gentleman.

The Budget also breaks clear promises made to the British people by the coalition partners at the election. The now Prime Minister told Jeremy Paxman in an interview in late April that his party had "absolutely no plans" to raise VAT. He recognised then that VAT was regressive and that it hit the poorest hardest. He said:

"It does, I absolutely promise you."

The Deputy Prime Minister agreed that VAT was "very regressive". He went further, making fear of Tory VAT plans a memorable part of his election campaigning. Yet now, with the electorate having cast their votes, we have an immediate volte-face from the parties opposite.

As my right hon. Friend the shadow Chancellor made clear, in a classic effort to pull the wool over the public's eyes, those on the Government Front Bench use

[Mr Thomas]

Labour measures to try to pretend that this Budget is fair. The charts deployed in the Red Book to justify that fantasy claim fail to acknowledge the scale of benefit reductions that will not have worked their way through fully in the period covered. They certainly do not include the impact of looming cuts in public services that are likely to hit the poorest households the most, or of changes to housing benefit. I have a specific question for the Financial Secretary: will he publish charts showing the impact of the Budget not just in 2012-13 but in future in years, by income distribution?

It is not just Opposition Members who recognise the unfairness of the Budget. Robert Chote, the head of the IFS, has said:

"The Budget looks less progressive, indeed somewhat regressive, when you take out the effect of measures that were inherited from the previous government—when you look further into the future than 2012-13 and when you include some other measures which the Treasury has chosen not to model."

Some Liberal Democrats—perhaps those such as the Orange Book Liberals—will be entirely comfortable with the unfairness of this Budget. Others on the Liberal Democrat Benches need to find the courage of the convictions that they had before 6 May to challenge their Front Benchers.

This is a Budget that puts economic growth at risk. It fails the fairness test. The poorest will suffer the most. The IFS analysis blows away the pretence that we are all in this together. It is a Budget of broken promises. On VAT both coalition parties broke election promises. It is a Budget that is overwhelmingly Thatcherite in tone and we will not support it.

6.45 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): We have had a good debate about the impact of the emergency Budget on the growth of the British economy over the years to come. The contributions from my hon. Friends the Members for The Cotswolds (Geoffrey Clifton-Brown), for Bournemouth East (Mr Ellwood), for Bexleyheath and Crayford (Mr Evennett), for Reading West (Alok Sharma), for Brentford and Isleworth (Mary Macleod) and for Caithness, Sutherland and Easter Ross (John Thurso) were passionate and well informed. There were contributions from the hon. Members for Hemsworth (Jon Trickett), for Kingston upon Hull North (Diana R. Johnson), for Ogmore (Huw Irranca-Davies), for Penistone and Stocksbridge (Angela Smith), for Pontypridd (Owen Smith), for Derby North (Chris Williamson), for Strangford (Jim Shannon) and for Brighton, Pavilion (Caroline Lucas). The debate was thoughtful and informative.

I am pleased to see the right hon. Member for East Ham (Stephen Timms) in the Chamber—[HON. MEMBERS: "Hear, hear."]

Some maiden speeches were made. There were three in yesterday's debate. My hon. Friends the Members for Dewsbury (Simon Reevell), for Bedford (Richard Fuller) and for South Northamptonshire (Andrea Leadsom) made excellent speeches about the impact the Budget will have on their constituencies and the challenges it will address. Today, we heard maiden speeches from my hon. Friends the Members for Harrogate and Knaresborough (Andrew Jones) and for Carlisle (John Stevenson).

My hon. Friend the Member for Harrogate and Knaresborough spoke about the challenges in Harrogate. He brings to the House extensive experience in business. As someone who has contributed to the coffers of his former employers, I know that Betty's is well known for selling fat rascals, but my hon. Friend does not appear to fit that description. I am sure that he will be a great champion for his community.

My hon. Friend the Member for Carlisle talked about the border relationship. Having been born in Scotland but now representing an English constituency, it is heartening to see that not only the coalition Government but Members on both sides of the House who might not be automatic England supporters have supported the English team in its victory today. My hon. Friend spoke well about the need to rebalance the economy, which is one of the big themes of the Budget. I am sure it will be as effective in Carlisle as in the country as a whole. He will make a great advocate for his constituency in the House.

The emergency Budget addresses the most urgent task facing our country and our economy: to put in place a credible plan to reduce the record deficit we have inherited. As a result of the mess that the last Government left behind, the Government have to borrow £1 for every £4 we spend, which is increasing the national debt by £3 billion each week. We cannot afford to let that go on at a time when fear about the sustainability of sovereign debt is the greatest risk to the recovery of European economies.

Failure to deal with the deficit is the greatest threat to growth. Failure to act now would mean higher interest rates hitting businesses, hitting families and hitting the cost of repaying the Government's debt. That would mean more business failures and sharper rises in unemployment, and would risk a catastrophic loss of confidence and the end of the recovery. The Budget takes action now to restore the confidence in the economy that is needed to underpin the recovery.

The hon. Member for Harrow West (Mr Thomas) quoted from the IFS report. Let me quote from Moody's commentary on the Budget:

"The UK budget is supportive of the country's AAA rating and stable outlook because it is a key step towards reversing the significant deterioration in the government's financial position that occurred over the past two years...Successful implementation would return the government's finances to a more sustainable trend...the budget plan addresses the major concerns surrounding economic growth."

Rating agencies endorse the message behind my right hon. Friend's Budget—to tackle the deficit and ensure that there is a sound platform for economic growth in the future.

A number of Members on both sides of the House raised issues about the impact of the Budget on the most vulnerable in society. Yes, there have been some difficult decisions about taxes and benefits, but let us not forget the £2 billion extra that we have provided for poorer families in receipt of the child tax credit, the £2 billion extra that has gone into pension credit over the lifetime of this Parliament and the 800,000 people who have been taken out of the income tax bracket by the £1,000 increase in personal allowances. That is evidence in our Budget of the coalition's commitment to fairness, but we must also ensure that the economy is open for business.

We will open up Britain for business by creating a more competitive system for corporation tax, reducing the rate from 28% today to just 24% over four years. That will give us the lowest corporation tax of any major western economy, one of the most competitive rates in the G20 and the lowest rate that this country has ever known. However, the Budget is about supporting not just big businesses, but small businesses, too. We will cut the small companies tax rate by reversing the previous Government's plans to increase the rate next year to 22% and cutting it to 20% instead, thus benefiting some 850,000 companies. As well as supporting businesses with lower rates, we need to give businesses certainty about the future, so we have published alongside the Budget a five-year plan to fundamentally reform the corporation tax system, with lower rates, simpler rules and greater certainty. Even with our reforms to capital allowances, the manufacturing sector will still pay less corporation tax under the Budget proposals that we announced yesterday.

A number of hon. Members, including the hon. Member for Kingston upon Hull North, talked about the regional impact. A number of hon. Members whose constituencies are outside the greater south-east spoke in the debate, too. As the economy recovers, we must restore the balance not only between the public and private sectors, but across the different regions of Britain. As someone who was born and brought up in the north-east, I am acutely aware that the gap between the greater south-east and the rest of the country grew significantly under the last Government. Between 1998 and 2008, for every private sector job generated in the north and midlands, 10 were created in London and the south. The Budget sets out a new approach that empowers local leadership, generates local economic growth and promotes regional job creation. As well as creating a new regional growth fund worth £1 billion that will be focused on projects in the regions that will help to stimulate economic growth, we will shortly announce a new tax scheme to help to create new businesses in those regions where private sector growth is not strong enough.

For the next three years, anyone who sets up a new business outside London, the south-east and the eastern region will be exempt from up to £5,000 of employer national insurance contributions for each of their first 10 employees hired—up to £50,000 for new start-up businesses. That sends a tremendous signal to those businesses about the importance that they will play in reviving the economy and stimulating economic growth in the future. The Treasury estimates that some 400,000 businesses will benefit, thus ensuring all parts of our country benefit from a more balanced and sustainable economic future.

Huw Irranca-Davies: Will the hon. Gentleman assure us that one of the greatest drivers of economic prosperity over the next few years—high-speed rail electrification, which we have heard about in the Budget—will extend beyond Bristol? We are always told that investment in the railway from London to Bristol benefits south Wales, but we cannot expect the Welsh Assembly Government, who have no tax-raising powers, to fund an extension to Llanelli.

Mr Hoban: That is a matter for the Secretaries of State for Wales and for Transport, but the hon. Gentleman has made his plea for more Government spending. At the last general election, he stood on a platform of about £40 billion in cuts. However, what marks this Government out from our predecessor is, of course, that my right hon. Friend the Chancellor of the Exchequer has said that there will be no further cuts in capital expenditure beyond those announced by the previous Governments and the projects that my right hon. Friend the Chief Secretary to the Treasury announced last week. The major difference is that we are prepared to make the investment to sustain economic growth in the future, but the previous Labour Government were not prepared to make that decision and had announced before the election savage cuts in capital investment.

It is not just corporation tax reform that is needed to ensure that the economy continues to grow in future. There is widespread concern, as has been expressed by hon. Members on both sides of the House, about the importance of credit flowing to the business community. Several hon. Members expressed concern about the number of businesses in their constituencies that had been refused credit. That was why my right hon. Friend the Chancellor announced the £200 million extension of the enterprise finance guarantee scheme, which will support £700 million of additional lending to small and medium-sized enterprises until March 2011, benefiting at least 2,000 small businesses. However, he announced in yesterday's Budget that we will also bring forward a Green Paper before the summer recess on alternative sources of funding for businesses so that they are not reliant only on bank finance. I believe that that will make a major contribution towards ensuring that growth continues in this country.

I have talked about the reforms to introduce a more competitive corporation tax model in this country. In the context of the regional package, I have also talked about the schemes that will be set up to enable start-ups in regions outside the greater south-east to benefit from a national insurance holiday. Of course, one of the big changes announced by my right hon. Friend was our reform to national insurance contributions. We made it clear that we thought that Labour's jobs tax would be damaging to the economy. We want to support the growth of Britain's businesses that will create jobs for British people.

The House will know that the previous Government planned a tax on jobs through a 1% increase in national insurance rates. The Budget reverses that negative effect by increasing the threshold by £21 a week above indexation. In one move, we are lifting 650,000 employees out of the tax altogether. Of course, the measure will have a significant benefit for regions, too. For example, there will be a £150 million benefit for businesses in the north-east, which will help to improve competitiveness. Taken together, the measures set out in the Budget offer a stable and consistent platform for a private sector recovery. They provide the element of growth that is needed alongside our necessary measures to cut spending and increase taxes to restore Britain's fiscal position.

I referred earlier to the number of hon. Members who contributed to today's debate, but one thing was missing from all the speeches made by Labour Members. Not one of them uttered a word of apology for the deficit. We saw not a single sign of humility for the mess in which they have left the country, and they did not give a single credible idea to tackle the legacy that they left the people of this country. At a time when Governments

[Mr Hoban]

throughout the world are taking serious measures to restore public finances and economic confidence, it is remarkable that the Labour party is stuck in the past, refusing to accept responsibility for the problems that it left the country and that the coalition Government inherited. Labour Members are stuck in a world of their own. The mainstream political debate across the world has left them behind. They are stranded and in denial about the scale of the problems that they left this country. It has been left to the coalition to lead the debate on tackling those problems.

The Budget pays the bills of the past and plans for the future. It takes the tough decisions that Labour ducked. Labour Members say that £40 billion of cuts were outlined in their March 2010 Budget, but not one of them has been able to say where those cuts would fall. Our Budget brings spending under control and tackles the deficit. It takes difficult decisions on curbing our deficit, but at the same time, the cuts in corporation tax – reducing the headline rate for large businesses and cutting the small companies rate to 20%—the reforms to our tax system that make Britain more competitive and the reversing of Labour's jobs tax send a clear signal that Britain is once again open for business.

The Budget tackles the toxic legacy left by Labour. It will remove uncertainty from businesses and boost confidence. It is about the values set out in our coalition agreement—values of fairness, freedom and responsibility. It marks a radical change from the economic policies of the past, offering transparency where before there was opacity. It offers a change—

7 pm

Mr Speaker: Order. Debate to be resumed what day?

The Lord Commissioner of Her Majesty's Treasury (Angela Watkinson): Monday next, Mr Speaker.

Mr Speaker: Monday next. We are grateful.

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed tomorrow.

Speaker's Committee for the Independent Parliamentary Standards Authority

7 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I beg to move,

That Mr Nicholas Brown, Bob Russell, Laura Sandys, Mr Charles Walker and Ms Rosie Winterton be appointed under Schedule 3 to the Parliamentary Standards Act 2009 as members of the Speaker's Committee for the Independent Parliamentary Standards Authority until the end of the present Parliament.

The motion sets out the nominees for membership of the Speaker's Committee for the Independent Parliamentary Standards Authority, the composition and functions of which are defined in the Parliamentary Standards Act 2009. I remind the House that the Committee is a statutory body established under the Act, not a Committee of this House, which is why its members are being nominated by a Government motion.

There are five nominees, who will sit alongside three ex officio members. The first of those ex officio members is the Speaker. The others are my right hon. Friend the Leader of the House of Commons and the Chairman of the Standards and Privileges Committee. The nominees are drawn from recommendations from both sides of the House.

Mr Peter Bone (Wellingborough) (Con): My hon. Friend is listing excellent members of the Committee and I am sure that it will be first class, but will the Committee have the opportunity to report to the House? Some Speaker's Committees have a quarter-hour slot for question time in the House, and it would be most useful if that Committee reported to the House via one of its members. In that way, we could keep updated and ask some questions.

Mr Heath: I am grateful to the hon. Gentleman for that point. The duties and functions of the Committee are fairly closely defined by the Act. Its only functions are to ratify the nomination of IPSA's chair and board members before they are put to the House, and to approve the estimate—a very important function—so there are perhaps limited requirements for reporting, but I think he makes a valid point. We have such an arrangement for the Speaker's Committee on the Electoral Commission. I shall certainly take his suggestion on board and see whether an arrangement can be made for the Committee to be answerable to this House.

As I said, the nominees are drawn from recommendations from both sides of the House and I very much hope that they will be accepted by both sides. I commend the motion to the House.

7.2 pm

Barbara Keeley (Worsley and Eccles South) (Lab): I welcome the setting up in this Parliament of the new Speaker's Committee for the Independent Parliamentary Standards Authority, as defined in the Parliamentary Standards Act 2009, amended by the Constitutional Reform and Governance Act 2010.

I add my support to the suggestion that we are reaching the point where we need some feedback. Hon. Members have raised a number of issues and having

some sort of question time slot would be helpful. We know that the public want to have full confidence in our system here in Parliament, but it is equally important that Members of Parliament have full confidence in the system, and perhaps that is what we need to develop.

I welcome the nomination of those Members listed in the motion. I hope that it helps the House to move forward on this issue.

Question put and agreed to.

PETITIONS

Transfer of Post Office Facilities (Viewpark, North Lanarkshire)

7.4 pm

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Madam Deputy Speaker, I have been asked to present to the House this petition from a large number of constituents concerning the transfer of post office facilities at Viewpark in north Lanarkshire.

The petition states:

The Petition of residents of Coatbridge, Chryston and Bellshill constituency and others,

Declares that the proposed transfer of Post Office facilities from Market Place, Viewpark to Old Edinburgh Road, Viewpark is unacceptable for social, economic and community reasons.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to prevent the proposed transfer of facilities.

And the Petitioners remain, etc. [P000838]

St George's Day (Public Holiday)

7.5 pm

Jessica Lee (Erewash) (Con): I am grateful, Madam Deputy Speaker, for the opportunity to present this petition. There are no fewer than 2,481 signatures on a petition urging the Government to consider making St George's day a public holiday. I am grateful to the company, George's Tradition, which is an award-winning fish and chip chain based in Erewash and surrounding constituencies, which has collated the petition.

England is one of the few countries without a public holiday for its patron saint. Indeed, the House will be aware that in Northern Ireland, St Patrick's day is a public holiday, and in Scotland, St Andrew's day is a voluntary bank holiday. It is a wonderful opportunity to celebrate a country's traditions and heritage. I cannot let the petition pass—

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Lady is presenting a petition, and she is allowed to say, according to the procedures of the House, a few words, but she cannot make a speech, and I fear that she is drifting into doing so. If she can make her remarks crisp in presenting her petition, I should be grateful.

Jessica Lee: I shall do so. Thank you, Madam Deputy Speaker.

Turning to the prayer, the petition states:

The Petitioners therefore request that the House of Commons urges the Government to bring forward proposals to make St George's Day a public holiday in England.

Following is the full text of the petition:

[The Petition of residents of the Erewash constituency and others,

Declares that England is one of very few countries in the world that does not have a public holiday to celebrate its national day; notes that St Patrick's Day is bank holiday in Northern Ireland, and that St Andrew's Day is a voluntary public holiday in Scotland; and further declares that everyone who is part of England should be able to celebrate its traditions, its history, its heritage and the English way of life with a public holiday on St George's Day.

The Petitioners therefore request that the House of Commons urges the Government to bring forward proposals to make St George's Day a public holiday in England.

And the Petitioners remain, etc.]

[P000839]

The Vice-Chamberlain of Her Majesty's Household (Mr Mark Francois): On a point of order, Madam Deputy Speaker. On a technical matter, we should like to request that the order for resuming debate on the Budget refer to "tomorrow" and not "Monday next". I hope that, with the approval of the Chair, that can be accepted.

Madam Deputy Speaker: Thank you for that point of order, which is extremely helpful to the House. I understand that it is within my powers as Chair to accept that request. The record will be corrected.

Finsbury Health Centre

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

7.8 pm

Emily Thornberry (Islington South and Finsbury) (Lab): Finsbury health centre in my constituency is a grade I-listed, purpose-built community health centre. The building is famous internationally and was the proud product of Finsbury's Labour council in the 1930s. It is a unique and ground-breaking building, and a real palace of the people.

Finsbury health centre is the product of modernist architecture and socialist reforming zeal. The council's 1930s socialist leader, Alderman Harold Riley, had ambitions of urban revitalisation in Finsbury. The council wanted to build a comprehensive health centre amid public baths, libraries and nurseries. In the end, only the health centre was built.

Along with Chuni Lai Katial, chairman of the public health committee, Alderman Riley proposed plans for a health service that brought together the borough's disparate services. In the 1930s in Finsbury, lice, rickets, and diphtheria were common, and most residents suffered from poor housing and atrocious, vitamin-deficient diets. Whooping cough and TB were widespread and responsible for thousands of deaths, only 10 years before the national health service was founded. However, in 1938 the council approached Tecton, whose lead architect was Lubetkin, and that was the first municipal commission of a modernist design.

Lubetkin was born in Georgia in 1901 and watched the 1917 revolution unfold while he studied art in Moscow. His attitude was:

"Nothing is too good for ordinary people",

and he applied that to all his designs. In the Finsbury health centre he wanted to create

"a language of architectural forms, which, being firmly based on the aesthetics of our age, conveys the optimistic message of our time—the century of the common man."

Lubetkin's vision was that the health centre should be like a club. He wanted to encourage people to use its services by making them feel comfortable using them. They can just "drop in", Lubetkin later said, and in the Finsbury health centre he created a light, bright, open building.

The entrance had red columns, azure ceilings and chocolate brown floors, and glass bricks and walls were used to bring a light, airy feel. It was designed to contrast with the gloom of the surrounding slums, and the glass walls sparkled in the sun. In a phrase that we might not hear modern men use when describing a building, Lubetkin said that it was to be

"as beautiful as the hair of a beautiful young girl in the summer sunshine."

The building involved contributions from many who went on to be leaders in design and construction. The concrete structure was devised in collaboration with Ove Arup, a concrete engineer who was to work a lot with Tecton and went on to design and engineer other concrete icons, such as the Sydney opera house. The health centre has murals by Gordon Cullen. They were whitewashed during the second world war, but I hope that one day they will be restored to their former glory. Indeed, they are in good nick underneath the paint. The murals encouraged healthy living, with slogans such as:

"Live outdoors as much as you can"

and

"Fresh air night and day".

The health centre was an oasis for the people of Finsbury, who mostly lived in small, dark and badly ventilated slum tenements. For all the talk of its design, however, we politicians appreciate the other way in which it was entirely revolutionary: it was financed by public funds—a precursor to the national health service.

When the centre opened, it incorporated a TB clinic, a foot clinic, a dental surgery and a solarium. It had facilities for cleaning and disinfecting bed clothes, a lecture theatre and a mortuary. Today, the centre brings together GP services and other health provision, everything from community dentistry to physiotherapy and services for stammering children. Indeed, I should declare an interest, because my family use the dentistry services of Dr Mysa at the centre.

Although the centre was a precursor to the NHS, it continues to show the way and is the model for the inner-London hub-and-spoke polyclinics that we now talk about. The centre was in fact the first polyclinic, and it would be a great shame to see all the lessons learned from that great building, which has been used over the past 70 years, simply thrown away.

Despite the health centre's illustrious history, it is under threat. Although Islington primary care trust has worked for many years on plans to repair and improve the building, it decided two years ago to throw away the buildings and start again. It is almost impossible to find space in south Islington and Finsbury to co-locate that range of health services, and the plan seems to be to re-provide only GP premises; all other services will be dispersed to other venues.

There is talk of trying to find another health centre, but those of us who know the area believe that that is more of an aspiration than a reality. We have a potential polyclinic in our midst, and we are simply giving it away. That is a step in the wrong direction, and if the centre is closed, my constituents, rather than moving towards integrated health care, face losing a pioneering and excellent example of integrated health care in a fantastic, beautiful and unique building.

Finsbury health centre needs many urgent repairs. It needs a lift, for example. It also needs modern wiring, new plumbing, windows that close and working heating and ventilation systems, but a lot of investment has recently been made, including in roofing, concrete repairs and a new wing. Islington primary care trust argues that, by using its LIFT—local improvement finance trust—partner, it could refurbish the health centre, but that it would cost £400,000 a year more than building new GP premises on an adjoining site, and that that is more affordable. However, that estimate is based on a stage 1 costing exercise by the LIFT company, and it was not carried out by an expert in historic buildings.

A great deal of work has been done to advance the argument for keeping the health services at Finsbury health centre. In May 2007, I wrote to the PCT urging it to keep the health centre. In March 2008, I met the chief executive and the chair of the PCT confirming that I was opposed to the PCT's plan to sell it off. In May 2008, I had a meeting with the PCT, English Heritage

and the London borough of Islington to try to bring the parties together. In June 2008, I met the Heritage Lottery Fund to lobby for funding for the health centre.

In August 2008, I chased the PCT over an application to EC1 New Deal for Communities to see whether it would be possible to get money from the new deal to pay towards the health centre. It would seem that, although there had been a previous application to EC1 NDC for funding for Finsbury health centre, neither EC1's board nor the PCT could locate the minutes. In September 2008, I met the PCT again and pushed the argument that we should keep the health centre open. In November 2008, I asked the PCT to provide full financial details and lobbied the then Secretary of State for Health to retain the health centre.

In January 2009, I wrote to the Secretary of State again, pressing for Finsbury health centre to continue to deliver health services to my constituents. Between January and June, the local health scrutiny committee referred Finsbury health centre to the Secretary of State, who then referred it to the independent reconfiguration panel, which then referred it back to Islington for local resolution. There has been no local resolution.

There were further inquiries by the health scrutiny committee, and I met EC1 NDC again to ask whether it could provide some capital to put towards Finsbury health centre. I also met the PCT to that end. The health scrutiny committee has been unable to reach agreement with the PCT. We therefore think that the matter is likely to be sent back to the Secretary of State. That is why I have applied for a debate now, in order to flag up this extremely important issue and to put the new Government on notice.

Last year, Islington council's health and well-being scrutiny committee referred Finsbury health centre to the Secretary of State's independent reconfiguration panel because the PCT had failed to consult the public properly about the centre's future. The reconfiguration panel referred the decision back to Islington for local resolution, and as things stand the committee has been unable to reach agreement.

Will the Minister indicate whether he will retain the independent reconfiguration panel and explain the next steps if a decision is referred back to the Secretary of State? I am very concerned that NHS Islington is allowing the health centre to deteriorate while a decision is awaited. English Heritage recently met NHS Islington to discuss the need for urgent repairs to prevent deterioration having a serious and detrimental impact on the centre. Those of us who use it regularly can see it deteriorate before our eyes. Such deterioration will result in the costs of repair increasing even further.

My constituents feel very strongly about retaining the health centre. Members of the Save Finsbury Health Centre campaign, some of whom are here today, have attracted a great deal of support from Islington and beyond, including internationally, in their fight for the health centre. Last January, we presented a petition of 1,850 signatures to the Department of Health; it now has more than 2,100 signatures. The area surrounding Finsbury health centre is a significantly deprived one, and the patients it serves are among the most vulnerable of those in Islington. I am very concerned that patients who access existing services at the centre will not continue to do so if those services are relocated.

Islington council's health and well-being committee recently issued a report on the future of Finsbury health centre. It found that 30% to 40% of patients access more than one service at the centre. That enables them to make appointments for treatment on the same day, meaning that they are able to visit the centre on one occasion rather than several. The committee's 93-page report provides a detailed examination of the future of the health centre and raises a number of concerns and recommendations. It examines the assumptions behind the PCT's cost estimates and calls for a proper feasibility study of the cost of refurbishment and for future maintenance of the buildings to be undertaken by a competent specialist.

The evidence that the committee received shows a wide discrepancy in cost estimates and opinions on fitness for purpose given by several witnesses and NHS Islington. I have to say that whenever I have met NHS Islington it seems to come up with a new figure as to how much this would cost. The committee also found that NHS Islington had failed to factor in the significant cost of disposing of the site.

The committee considered the question of funding and found that there are new avenues to explore. A charity specialising in the restoration of historic buildings, Heritage of London Trust Operations, told the committee that it was confident of attracting funding for restoration. English Heritage made it clear to the committee that the social history of the building as a health care centre was vital to the listing, and that the possibility of accessing funds was much greater if the building were in its original use.

Finsbury has already seen its magnificent town hall sold off for a pittance by the then Liberal Democrat council and we do not want another part of our precious heritage sold off for peanuts. Will the Minister give his assurance that Finsbury health centre will continue to provide health services to my constituents and that no agreement to close the centre will be given if the decision is referred to the Secretary of State again?

Finsbury health centre started 10 years before the NHS and showed the way as to how we should look after people, particularly the poor. It is a fantastic building and a fantastic political achievement, and the people of Finsbury are immensely proud of it. We should not lose it now. If the Minister has time, I would appreciate him coming to visit the health centre with me, where I will introduce him to my dentist.

7.21 pm

The Minister of State, Department of Health (Mr Paul Burstow): I congratulate the hon. Member for Islington South and Finsbury (Emily Thornberry) on securing this debate on an issue that is clearly very important to her and many of her constituents, who have campaigned for many years. I thank her for taking the time for this debate, not least because it has educated me about some initiatives that were taken prior to the foundation of the NHS. Some of those were clearly inspirational and influential in shaping the ideas that informed the foundation of the NHS.

Earlier today, I had a look at the plans, so I saw for myself just what a huge beacon of hope a building of that sort would have been in the 1930s in the area that the hon. Lady describes. I understand the strong feelings that she has expressed and the powerful case she makes.

[Mr Paul Burstow]

The hon. Lady asks for an assurance on the building. I will amplify the reasons for this in a moment, but such an assurance would prejudge the process, which I am sure she would not expect me to do in the House tonight. However, I want to be as helpful as possible. In setting out the case tonight, she rehearsed some of the important history—it goes back more than 70 years. Having seen the pictures and the plans, I share her view of the significance of the building, which clearly goes beyond the boundaries of the London borough of Islington.

The building's design was ahead of its time. I am told that the centre was the first of its kind, and the hon. Lady outlined the many services that the centre has provided over the years. It was indeed a visionary endeavour.

Emily Thornberry: The point is that it was the first publicly funded health centre in the country. Although it was primarily funded by a local authority, that local authority showed the way to a future national Government.

Mr Burstow: Such initiative on the part of local authorities is perhaps something that we should applaud and learn more from for the future even today.

When I was preparing for the debate, it was drawn to my attention that the architect of the centre, Lubetkin, was involved in the design of the penguin pool at London zoo. I have had the pleasure of visiting London zoo with my children, so I recognise the range and scope of his designs. As the hon. Lady said, when the Finsbury health centre was opened in 1938, Lubetkin remarked:

"Nothing is too good for ordinary people".

He was quite right too. The notion of the health centre as a palace of the people is important.

Lubetkin was ahead of his time, but that motto resonates today, because all NHS staff, not just those at the Finsbury health centre, take it to heart and practise it every day. They have played, and continue to play, an essential role in improving health within the London borough of Islington and elsewhere, and I can understand why the centre is viewed with such affection and passion by local residents, and why this matter has aroused such strong feeling.

I need, however, to rehearse some pros and cons. I understand that the future of the Finsbury health centre has been under discussion and debate for at least 20 years, and that more recently Councillor Martin Clute, the chair of the Islington overview and scrutiny committee, has played an important role in leading the debate about the relevant priorities. I am also told that the primary care trust and Islington council's health and well-being review committee are continuing to find ways forward and to discuss this matter.

There are strong arguments on both sides, many of which the hon. Lady has rehearsed. For instance, we have to consider the view that what was state of the art 70 years ago may not be well suited to the demands and delivery of 21st-century health care. The PCT has told me, in briefings I have received, that there are real limitations to the centre in its current form. For instance, there are problems meeting statutory requirements on disabled access. In addition, reception and other patient areas are badly laid out and cramped, and the centre is in a poor state of general repair. Criticism could be levelled at the PCT for failing to make those investments, but nevertheless those problems remain. I am also told that it is proving difficult for the centre to provide patients with dignity and privacy, about which we should all be concerned. The hon. Lady has already told us about the status of the building. It is a grade I listed building, which inevitably places additional restrictions on what work can be done to rectify the problems I have identified.

On the other hand, the local health and well-being review committee has published a report questioning the PCT's conclusions and has raised important concerns about access to health care for some of the most vulnerable groups in Islington.

Emily Thornberry: Lubetkin designed the building with the idea of flexibility in mind, as was highlighted to the PCT and Islington council when I was having discussions with English Heritage. Although it is a grade I listed building, there is a huge amount of good will in terms of what can be moved and how things can be changed within the building, because everyone wants, if possible, for the building not to be mothballed, but to continue to be a living, breathing building.

Mr Burstow: I hope we can find a way to preserve it as a living, breathing building and a testament to its history.

Finsbury health centre could be modernised, as the health and well-being review committee has said. The hon. Lady's point about the co-location of services was made in the representations from the overview and scrutiny committee. However, the PCT would say that considerable financial costs are associated with that. It has estimated that the capital costs of £9.1 million to refurbish the health centre could translate into about £1 million a year over 25 years. By contrast, it says that the PCT could provide a new building somewhere else in the area and that the rent for that would be £600,000 per annum. On that basis, the NHS asserts that it would be paying a premium of £400,000 per year to keep the Finsbury health centre open.

I understand the trust has pursued various sources to fund the refurbishment, including the Heritage Lottery Fund, but these have not been available due to the eligibility criteria used. With this in mind, clearly there is an important issue that needs scrutinising about the costs and benefits of keeping the health centre open. Would that money be better spent on providing services to local people elsewhere rather than in the existing building? There is an opportunity cost here—contested perhaps, but a cost none the less.

On the Islington new deal committee, I understand that representations were made, about which the hon. Lady has talked, but I gather that they were rejected last December by the committee and the moneys not made available. However, I think that I can give her some hope in respect of announcements that the Government made a few weeks ago on the principles that we see being critical to how we reconfigure services in the future. That is clearly relevant to this controversial issue, because it is important that neither I nor the Secretary of State should be taking sides in the debate

that is taking place locally. It is important that the matter is resolved locally and, only if it cannot be, that Ministers then become involved.

The issue should be resolved by the PCT and the local health and well-being review committee working with patient groups, clinicians and, more generally, the local authority to reach an acceptable solution. I recognise that change in the NHS has always been a problem, in terms of how it is handled locally. It has certainly been an issue in the past—I have seen that in my own constituency—and that is often why decisions have provoked the deep concerns and anxieties that the hon. Lady has described this evening. That is why the Government are determined to do things differently, in a way that gives MPs, the public and particularly clinicians the opportunity to shape the decision-making process. That is why the Government have already announced an immediate moratorium on all pending service changes. Indeed, we have required NHS London to look again at the entire Healthcare for London strategy.

The Secretary of State for Health has set out four crucial tests that all future service changes must now pass. First, they must have the support of GP commissioners. Secondly, arrangements for public and patient engagement, including local authorities, must be strengthened. Thirdly, there must be greater clarity about the clinical evidence used to underpin any proposals. Fourthly, any proposals must take into account the need to develop and support patient choice. The whole point is to ensure that all decisions that affect local communities are taken by local communities, with particular reference to what clinicians think is the best solution, based on robust clinical evidence. The point that the hon. Lady made about co-location needs to be considered in that regard.

What does all that mean for Finsbury health centre? It means inviting patients, GPs, clinicians and the local council to play a fuller role in deciding what should happen next, sharing responsibility for deciding on the best way to secure those important services. I understand that further local discussions are taking place between the PCT and the health and well-being review committee about its report and how the PCT will respond to it, which it will within the next few weeks. I stress that it is vital that the PCT and the local health and well-being review committee continue to work together with local groups to find a resolution to the problem. However, the PCT tells me that it is in the process of reviewing its plans against the criteria that the Secretary of State has set out. I would urge the hon. Lady to engage with and challenge the PCT to ensure that it is doing just that.

It is particularly important that the PCT works with local GPs and commissioners. Furthermore, it is not just the overview and scrutiny committee that needs to take a view; the whole of the London borough of Islington council needs to form a view as well. I strongly believe that it is in everybody's interest that the issue is resolved quickly. It has been going on for far too long, and I understand the hon. Lady's frustrations. What we need is a resolution that addresses those concerns in the way suggested by the Secretary of State to look at reconfigurations.

I hope that a swift resolution is possible, but there is always the possibility that the local health and well-being review committee will still consider the outcome unacceptable and refer it to the Secretary of State. The hon. Lady asked me how that would be dealt with by the Department. The answer is that there will continue to be an independent process of reconfiguration review to offer the Secretary of State advice in undertaking his arbitration and decision-making responsibilities at that final stage.

I recognise that these are difficult decisions, and they quite rightly provoke debate and discussion—and, in this case, disagreement. I am afraid that not all decisions can be made here in Whitehall or Westminster by Ministers, and we certainly should not seek to dictate. However, what is important to me as a Minister is the integrity of the decision-making process. By seeking the support of GPs and local people, basing decisions on clear evidence, and ensuring that all changes improve patient choice, we believe that we can achieve a better health care system for the people of Islington—one that is affordable and cost-effective. That is what I now expect from NHS Islington.

The hon. Lady will continue to play an important part in that, ensuring that all the sources of funding are understood and can be brought to bear. I hope that she will engage with the PCT and the local authority to get the long-term solution that delivers health care that is fit for purpose and is what local people want.

Question put and agreed to.

7.34 pm

House adjourned.

House of Commons

Thursday 24 June 2010

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

CANTERBURY CITY COUNCIL BILL

Ordered,

That so much of the Lords Message [10 June] as relates to the Canterbury City Council Bill be now considered.—*(The First Deputy Chairman of Ways and Means.)*

Motion made, and Question proposed,

That the promoters of the Canterbury City Council Bill, which was originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bill in the current Session according to the provisions of Standing Order 188B (Revival of bills).—*(The First Deputy Chairman of Ways and Means.)*

Hon. Members: Object.

To be considered on Monday 5 July at Seven o'clock.

CITY OF WESTMINSTER BILL [*LORDS*]

Ordered,

That so much of the Lords Message [10 June] as relates to the City of Westminster Bill [*Lords*] be now considered.—*(The First Deputy Chairman of Ways and Means.)*

Motion made, and Question proposed,

That this House concurs with the Lords in their Resolution.—*(The First Deputy Chairman of Ways and Means.)*

Hon. Members: Object.

To be considered on Monday 5 July at Seven o'clock.

NOTTINGHAM CITY COUNCIL BILL

Ordered,

That so much of the Lords Message [10 June] as relates to the Nottingham City Council Bill be now considered.—*(The First Deputy Chairman of Ways and Means.)*

Motion made, and Question proposed,

That the promoters of the Nottingham City Council Bill, which was originally introduced in this House in Session 2007-08 on 22 January 2008, may have leave to proceed with the Bill in the current Session according to the provisions of Standing Order 188B (Revival of bills).—*(The First Deputy of Chairman of Ways and Means.)*

Hon. Members: Object.

To be considered on Monday 5 July at Seven o'clock.

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Broadband (Rural Areas)

1. **Richard Drax** (South Dorset) (Con): What discussions she has had with the Secretary of State for Business, Innovation and Skills on the roll-out of broadband to rural areas. [3937]

9. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What discussions she has had with the Secretary of State for Business, Innovation and Skills on the roll-out of broadband to rural areas. [3945]

11. **Matthew Hancock** (West Suffolk) (Con): What discussions she has had with the Secretary of State for Business, Innovation and Skills on the roll-out of broadband to rural areas. [3947]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): As I am sure the House is aware, a former Minister for Agriculture, Fisheries and Food and Secretary of State for Wales, Peter Walker, has passed away. I felt it right to record our gratitude for his services to agriculture, and our condolences to his family.

I wrote to the Secretary of State for Culture, Media and Sport, and have followed that up with conversations with my right hon. Friends the Secretaries of State for Business Innovation and Skills and for Culture, Media and Sport about this important issue. I have spoken to the latter—the Government lead on broadband—to express my support for the initiatives announced on 8 June to take broadband to rural communities.

Richard Drax: I welcome the Secretary of State to her post, and thank her very much for coming down to South Dorset during the election campaign. I also welcome the Government's plans to roll out broadband. Can she please confirm that there will be a rapid broadband legacy in rural South Dorset after the Olympics?

Mrs Spelman: I thank my hon. Friend for his kind words. I have seen for myself that his constituency presents challenges in terms of broadband provision, especially given the high ground before the acute descent to the coast. He is, however, fortunate to have the opportunity provided by an Olympic facility that will leave a lasting legacy in his constituency.

I take the view that we should not try to reinvent the wheel. Where broadband infrastructure is already in place, of course we should seek to use it. However, I will use my good offices to speak to those at the DCMS and to ensure that the legacy is a good one.

Nadhim Zahawi: I, too, welcome the Secretary of State to her post. Yesterday's Budget confirmation that the Government will fund three pilot schemes to bring super-fast broadband to hard-to-reach areas is crucial to my constituency. It is especially crucial for the 50 to

80 age group—which, for various reasons, is one of the fastest-growing groups of internet users—and, obviously, for enterprises in the area. Can the Secretary of State tell us a little more about her discussions on those three pilot schemes?

Mrs Spelman: I thank my hon. Friend for drawing attention to the importance of super-fast broadband provision to all generations in our society, and to the social inclusivity it provides. The coalition Government have made a clear commitment to roll out super-fast broadband to ensure that those who live in rural communities are not disadvantaged. As my hon. Friend pointed out, that includes businesses, but it also includes children, who often need broadband to complete their homework. I assure him that this is a priority for the Department, and that the choice of location for the pilots will be decided shortly.

Matthew Hancock: I welcome the Secretary of State and her team to the Front Bench. I also welcome what she said about rural broadband. In counties such as Suffolk, it is an important part of our modern infrastructure. The people of Suffolk are enterprising and innovative, and I know that they too will warmly welcome what the Secretary of State has said. However, will she tell us more about the importance of community initiatives for improving broadband, and what she will do to support them?

Mrs Spelman: Obviously, broadband is very important to my hon. Friend's constituency, which contains many farmers. It is simply assumed that those farmers will have access to broadband in order to complete form-filling online.

As I said earlier, this is a community opportunity. There are some excellent examples of the big society at work in Northumberland and Rutland, where communities have come together to ensure that good broadband access is available to all.

Farming Regulation

2. **Mark Menzies** (Fylde) (Con): What plans her Department has to reduce the level of regulation on farmers; and if she will make a statement. [3938]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): As I announced at the cereals event on 9 June, bureaucratic burdens on the food and farming industry will be scrutinized by a new industry-led taskforce on food and farming regulation. The taskforce will identify ways to reduce regulatory burdens by trusting farmers to deliver the necessary outcomes, rather than telling them how to do so. It will also advise on how best to achieve a risk-based system of inspection in future.

Mark Menzies: I am sure that many farmers in Fylde will take comfort from the work that is being done. To what extent is the Minister's Department liaising with EU member states regarding further reducing the regulatory burden?

Mr Paice: I am grateful to my hon. Friend, whom I welcome to his first DEFRA questions. He is absolutely right: a huge amount of DEFRA regulations emanate from the European Union. Only yesterday, my right hon. Friend the Secretary of State and I met the Agriculture Commissioner and impressed upon him not only the measures I have announced, but the need for the whole EU to adopt a much more simplified approach to regulation and to concentrate on outcomes. I am pleased to tell my hon. Friend that that message went down very well with the Commissioner, who entirely endorsed that approach.

Tony Lloyd (Manchester Central) (Lab): Will the Minister guarantee that this rush into deregulation will not be at the expense of the health and safety of people working in agriculture, farmers themselves, their employees and the wider public? Will he guarantee a place for the trade unions on his taskforce?

Mr Paice: I can assure the hon. Gentleman that we have absolutely no intention of reducing standards. We in this country—particularly under the last Government—seem to have become obsessed with the view that to maintain standards, we must have high levels of intervention in how people comply with regulations. We have become obsessed with process. I can assure the House that we have absolutely no intention of allowing our standards to fall, be they in health and safety, food safety, pollution or anything else. We are focusing on reducing the burden on businesses regarding how they comply with such regulations by concentrating on whether they do.

Tim Farron (Westmorland and Lonsdale) (LD): I welcome the Minister to his position. He will not be surprised to learn of my recent conversation with a farmer in South Westmorland who bought a bull from market to his farm and was then unable to move any sheep from a field two miles away because of the six-day movement rule. That made absolute sense during the foot and mouth crisis of 2001, but is now an unnecessary burden on the farming industry. When will the Minister scrap it?

Mr Paice: I have a lot of sympathy with the hon. Gentleman, whose constituency I have visited; I have probably had the same farmer saying the same thing to me there, as well as farmers in many other places over the many years when I sat on the Opposition side of the House. I tend to share his doubts about the six-day rule, but the advice I have received so far is that there is a very sound reason for it. It will certainly be one of the issues considered by the taskforce and I hope that, along with other such provisions, it will recommend getting rid of the rule.

Hilary Benn (Leeds Central) (Lab): May I associate this side of the House with the remarks of the Secretary of State about the late Peter Walker?

Regulation is very important in animal health, including in combating animal disease. Will the Minister therefore tell the House when a decision was taken that there would be a targeted cull of badgers in hotspot areas?

Mr Paice: As the right hon. Gentleman well knows, the commitment appears in the coalition agreement, so, bearing in mind that we have a new Government, I suppose the answer to his question is that the decision was taken when that coalition agreement was drawn up. Until that point, there were measures being proposed

by the Conservative party and by the Liberal Democrats. There is a great deal of science concerning bovine TB. We are looking at all of it and drawing up our proposals, which we will publish and put out for consultation. As the right hon. Gentleman well knows, there is a valid case for addressing the reservoir in wildlife, including badgers, in this country, as has been done by every other country in the world.

Hilary Benn: If a decision has been taken that there will be a cull, which is what the Minister said at the Devon county show, why did he say in a written answer on 22 June that all the evidence would be considered "before taking a decision"? How will it help to deal with the disease when the two Ministers responsible appear to be saying completely different things?

Mr Paice: The former Secretary of State is desperately trying to create a division where none exists, because the situation is clear—in black and white, if I may use the phrase—in the coalition agreement. The considerations mentioned in the parliamentary answer to which he refers concern the details of how, where and who, along with all the other issues that have to be addressed in working out how to do a cull of badgers and how to integrate it with the badger vaccine deployment project.

Neil Parish (Tiverton and Honiton) (Con): May I follow up an earlier question on the movement of animals? During the winter, a sheep farmer in Honiton had to fill in a form every time she moved her sheep in and out of a field for lambing because she did not own that field—it was not part of her holding. We have got to find ways of simplifying movement orders.

Mr Paice: I welcome my hon. Friend to the House and to DEFRA questions. I entirely agree with him: that is one of countless regulations that appear on the face of it to be nonsensical, and which the taskforce will consider.

Flood Defence (Chesterfield)

3. **Toby Perkins** (Chesterfield) (Lab): What progress has been made on flood defence projects in the Chesterfield area since 2007; and if she will make a statement. [3939]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The Environment Agency is currently taking forward a project that will provide protection from the River Rother to more than 150 homes and businesses in Chesterfield. Further schemes to provide protection in Chesterfield are being assessed.

Toby Perkins: I welcome the Secretary of State and her Front-Bench team to their positions. Flood defence work was one of the many areas on which the Conservative party when in opposition criticised the Labour Government for not spending more, rather than asking for cuts. Can Ministers please confirm that there will be no cuts to flood defence work, which is so important, particularly given the likely increase in flood risk due to climate change?

Richard Benyon: I thank the hon. Gentleman for his kind words. He has a particularly interesting project in his constituency: the work on the River Rother. I am very interested in it because it involves local levy funding, which is a very good way forward in times of difficult financial circumstances. We have found some savings in the budget for this year, and that is simply because the Environment Agency was ahead of the game in its targets for this year. I cannot say to the hon. Gentleman that there will be no cuts in the flood defence budget, but if he looks at the coalition agreement he will see that flood protection is an absolute priority for this Government.

Miss Anne McIntosh (Thirsk and Malton) (Con): May I congratulate the entire ministerial team and assure Ministers of a very warm welcome when they appear before the departmental Select Committee? May I press my hon. Friend on flood defences for Chesterfield and other more urban areas? Will he take this opportunity to review the way the points are skewed in favour of urban areas to the detriment of rural areas, and make sure we restore more funding to regular maintenance rather than, almost exclusively, capital expenditure projects?

Richard Benyon: I thank my hon. Friend for her comments, and it will be very interesting to take up these matters with her Select Committee; I know they will be of great interest to it. This is all about getting the balance right. There are circumstances in which rural communities can put together a very good financial case, particularly with a form of local levy funding, to which I have already referred. We also have to recognise, however, that spending must go to where it is most effective and can secure as many homes as possible from the risk of flooding. I cannot talk in specifics on such a general issue, but I can assure my hon. Friend that this is an absolute priority that we will take forward.

Campaign for the Farmed Environment

6. **Mr Marcus Jones** (Nuneaton) (Con): What recent discussions she has had on the objectives of the Campaign for the Farmed Environment; and if she will make a statement. [3942]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): The Government are strongly committed to the Campaign for the Farmed Environment, which we consider to be an excellent example of the farming industry taking responsibility for its environmental impacts. The Secretary of State and I met a number of senior representatives of the campaign's partner organisations at the recent cereals event and discussed aspects of the campaign with them, and we look forward to receiving the progress report later this month.

Mr Jones: I thank the Minister for his response. He may be interested to know that I shall be attending an event to promote the Campaign for the Farmed Environment in my constituency this very evening. Can he say what the level of uptake has been for the campaign across the country?

Mr Paice: The latest statistics we have are from a survey done in February. As I have said, there will be a further report shortly, but the latest statistics show that

25% of farmers had already taken measures under the campaign and that another 50% plan to do so in the near future.

Pulmonary Disease

8. **John Mann** (Bassetlaw) (Lab): What recent discussions she has had with the Secretary of State for Health on the Health Protection Agency's investigation of the potential for mushroom composting to cause or exacerbate chronic obstructive pulmonary disease. [3944]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): The local primary care trust has been investigating the concerns that the hon. Gentleman has raised previously about possible health impacts from the mushroom composting plant in his constituency. I understand that its report is due in the next few weeks.

John Mann: If the report says there is a link of any kind, will the Minister act immediately to ensure that the health and well-being of my constituents and others is immediately protected?

Mr Paice: I cannot forecast what might come out in the report, so I am not going to make any commitments as to what the Government might do afterwards, but I can tell the hon. Gentleman that, as I am sure he is aware, the preliminary findings of the PCT investigation show no links between the mushroom composting plant and incidences of chronic obstructive pulmonary disease in the locality.

Workplace Activity (Natural Environment)

12. **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): If she will discuss with trade unions measures to reduce the adverse effect on the natural environment of workplace activity. [3948]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I or my colleagues would be happy to hold such discussions.

Luciana Berger: With public sector employers having to make the longest and deepest cuts since the second world war, will the Minister recognise the role of trade union environment representatives in helping to achieve energy, water and waste savings? Can he assure me that managers in his Department regularly discuss and monitor environmental cost savings at joint union-management meetings?

Richard Benyon: I assure the hon. Lady that such matters are taken up. The general secretary of the Trades Union Congress wrote to my right hon. Friend the Secretary of State recently about the trade union sustainable development advisory committee, wanting reassurance that the Government will continue with that organisation, which links employees with government regarding ideas for sustainable working methods. My right hon. Friend wrote back to Brendan Barber this week to say that my noble Friend Lord Henley will chair that committee in future. We certainly will be taking these issues forward in government.

Guy Opperman (Hexham) (Con): I welcome the ministerial team to the Front Bench. It is good to see someone with some farming experience finally putting forward the case on behalf of DEFRA. Will the Minister confirm that in these difficult times, when decisions have to be made regarding cuts, consideration will be given to the Agricultural Wages Board, as its task could be dealt with through the national minimum wage procedure?

Richard Benyon: I can confirm that the future of the Agricultural Wages Board is being considered as part of the whole review of arm's length bodies and non-departmental public bodies, and that there will be an announcement soon.

Common Agricultural Policy

13. **Karen Bradley** (Staffordshire Moorlands) (Con): What recent discussions she has had with the farming industry and other interested parties on reform of the common agricultural policy. [3949]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I have attended the Agriculture Council twice and have discussed the CAP with Agriculture Ministers from other member states. Last night, I hosted a dinner attended by the Commissioner for Agriculture and Rural Development, Commissioner Ciolos, my colleagues here and from the devolved Administrations, the Secretary of State for Scotland and other key UK stakeholders. We discussed a number of issues, including CAP reform, and I have more European visits planned in the coming months.

Karen Bradley: I thank the Secretary of State for that answer. She will be well aware of the problems caused by the Rural Payments Agency's remapping exercise, particularly in non-flat areas such as Staffordshire Moorlands. Can she reassure farmers who are still waiting to agree their revised maps that the single farm payment will not be delayed and that they will not suffer undue hardship?

Mrs Spelman: I am sure that my hon. Friend's farmer constituents will be very grateful to her for bringing up this issue. If she gives us the details of any significant problems with the mapping in her area—I understand that they might relate to the slopes and gradients of the land—I am sure that my hon. Friend the Minister of State will look into it closely, as he has offered to chair the board of the RPA.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): May I also welcome the right hon. Lady and her team to their posts? I believe that her talks yesterday with the Scottish Government's Cabinet Secretary for Rural Affairs and the Environment were very constructive, but will she clarify for the benefit of the House how she intends to work with the devolved Administrations? In particular, how does she see the future of pillar one support in the common agricultural policy reform process?

Mrs Spelman: I thank the hon. Lady for that question, and I can tell her that discussions with her honourable colleague from Scotland were indeed very constructive. I made it clear to him that I would always consult before

taking a position ahead of any Council meeting. I added that we will have very close and good contact with all the devolved Administrations, and I said specifically that I am confident that pillar one and direct payments will continue.

George Freeman (Mid Norfolk) (Con): May I, on behalf of the people of Mid Norfolk, send a warm welcome to the members of the Government Front Bench? It is nice to see a DEFRA team with such a rich experience of the countryside, after 13 years of feeling rather neglected.

On CAP reform, will my right hon. Friend reassure the House and the people of Mid Norfolk that, as far as possible, we will seek a revised structure that rewards our farmers for growing food competitively? Such a structure should reward them for what they do in the countryside, for which they get no support at the moment.

Mrs Spelman: I thank my hon. Friend for those warm words. In fact, I should like to take this opportunity to say to all Government Members that the Front Bench is grateful for their admirable level of support. I can assure my hon. Friend that in the CAP reform negotiations, we will be seeking the best deal for farmers, consumers, taxpayers and the environment. There is no doubt that sustainable food production is a public good, and there is broad support across European countries for recognising the contribution that farmers make.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): May I add my welcome to the Secretary of State and her ministerial team, and congratulate them on their new positions? Indeed, I extend that welcome to all new Back Benchers on both sides of the House.

A few moments ago, the Secretary of State mentioned her discussions with other interested parties, but do they include the Treasury? Reductions in the overall CAP budget might be attractive to the Treasury, but does she agree that that would be to the detriment of British agriculture? Will she assure the House that she will defend the interests of British agriculture, in both Brussels and Downing street?

Mrs Spelman: Of course I can give the hon. Gentleman that assurance. I just said that I was seeking to get a better deal for farmers, consumers, taxpayers and the environment, and he can be assured of that. DEFRA is an economic Department with a very clear role in the economic recovery that this country needs. It is absolutely at one with the objectives set out by the Treasury in that regard.

Animal Health Agency

15. **Harriett Baldwin** (West Worcestershire) (Con): What recent discussions she has had with the farming industry and other interested parties on the Animal Health Agency; and if she will make a statement. [3951]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): As has been mentioned already, the most urgent issue in animal health and welfare is bovine TB. I have reviewed the badger vaccine deployment project and have decided to proceed with one area near Stroud for the time being, in order to help maintain the capacity to train lay vaccinators. Badger sett surveys will also be completed in the Gloucester area, near Cheltenham. That change reflects the need to consider all our public expenditure carefully.

The previous Government appointed Rosemary Radcliffe to examine options for responsibility and cost-sharing for animal disease control. Unlike that Government, though, we will await the outcome of that report, as it may well include options for the agency's future. I have had a number of discussions regarding that review.

Harriett Baldwin: I thank the Minister for that answer, and may I also add my welcome to some fellow meat-eaters in the Front Bench team for this particular portfolio? I want to emphasise how important animal welfare is for farmers in West Worcestershire. A vet came to my constituency surgery recently and highlighted the fact that, while the AHA seemed to have spent a lot of time on management, computer systems and office work, it was not placing enough emphasis on its veterinary function. Does the Minister have any plans to tackle that?

Mr Paice: I am grateful to my hon. Friend, and I welcome her to this question session. She is absolutely right and, as part of our overall review of all arm's length bodies, we are looking for the sorts of efficiencies to which she has referred. However, I can tell her that the AHA has already instituted a road map for change that should deliver a significant tranche of savings, and a much more efficient business as well.

Rural Payments Agency

16. **Andrew George** (St Ives) (LD): What plans she has for the future of the Rural Payments Agency. [3952]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): An independent review of the Rural Payments Agency, commissioned by DEFRA last autumn, has recently concluded. We will publish the recommendations of the review and our response to it shortly.

Andrew George: I am grateful to the Minister for that reply, and I wish him well in his work. As he knows well, each claim to the RPA costs £1,700, and the RPA has been characterised by mistakes and inefficiency throughout its years of operation. What reassurance can he give farmers in my constituency and throughout the country that those problems will improve?

Mr Paice: I am grateful to the hon. Gentleman. I think he knows that the impossible we can do at once, but miracles take a little longer, and putting the RPA right probably comes within the last part of that saying. I assure him that I am extremely determined to get a grip on the problems at the RPA; I am conscious, as I have made clear over recent years, of the problems and the service to many farmers, and we have to get it right. When I publish the review I will also put forward the measures that we propose to take to address them.

Flood Defences

17. **Grahame M. Morris** (Easington) (Lab): What estimate she has made of her Department's expenditure on flood defences in 2010-11. [3953]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): DEFRA's estimate of its expenditure in 2010 to 2011 on flood and coastal erosion risk management is currently £664 million. This does not include local authority expenditure, estimated at £87 million, which is funded by Government through the formula grant.

Grahame M. Morris: In welcoming the new ministerial team to the Front Bench, may I point out that on 23 March last year the right hon. Member for Arundel and South Downs (Nick Herbert), the then shadow Secretary of State for Environment, Food and Rural Affairs, said that it was

"essential that the Government takes a strong lead and implements the key recommendations from the Pitt review"

on flood defences? This was at a time when Labour was committed to protecting flood defence expenditure, which is very important in the north-east—in Morpeth and Carlisle—in view of the recent floods. Will cuts to her Department mean that key recommendations from the Pitt review will not now be implemented?

Mrs Spelman: I can give the hon. Gentleman an absolute assurance, because the coalition agreement states our commitment to taking forward the findings of the Pitt review on the 2007 floods. We are considering how best to put this into effect, against the difficult spending background, and as he will have heard earlier from my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs, this year, because the Environment Agency was ahead of the game with the amount of flood defences it had provided, there is no question of this important front-line service being compromised. In the spending review we will of course give priority to flood defences.

Damian Collins (Folkestone and Hythe) (Con): The Secretary of State will be aware of the importance of the investment in sea defences in my constituency at Dymchurch, the Romney Marsh coast and Dungeness. May I ask that she continues to give consideration to the importance of that work when reviewing the budget in the future?

Mrs Spelman: My hon. Friend will not know this, but Dymchurch and Hythe have a special place in my heart because as a small girl I used to enjoy my summer holidays taking the light railway to such places. So I perfectly understand the importance of defending that part of the Kent coast with effective coastal defences.

Common Fisheries Policy

18. **Amber Rudd** (Hastings and Rye) (Con): What recent discussions she has had with the fishing industry and other interested parties on reform of the common fisheries policy. [3954]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): Since May, I have had preliminary discussions with representatives of the fishing industry, and within the next two weeks I will meet the National Federation of Fishermen's Organisations, the Scottish Fishermen's Federation and the New Under Ten Fishermen's Association, along with the EU Fisheries Commissioner, to discuss CFP reform specifically. I have also had discussions about CFP reform with other interested parties, including environmental non-governmental organisations, and shall do so again in the future.

Amber Rudd: I thank the Minister for his answer. I know that he is aware of the shameful way in which the under-10-metre community of fishermen has been treated in the past 13 years. What steps might this Government take to restore their way of life?

Richard Benyon: My hon. Friend is to be credited for her assiduousness on behalf of her constituency's fishing community. She badgered me when I was sitting on the Opposition Benches, and she continues to do so now. My answer will be in three parts. First, there is a longer-term strategy of reforming the CFP and getting an improved deal for vessels under 10 metres in length. In the medium term, we support the very good initiative on sustainable access to inshore fisheries, which was started by the previous Government. The project will report in the next few months and we will take forward its recommendations. In the short term, we can take on board the good suggestions made by fishing communities and hon. Members and try, when we can, to improve the lot of those communities through methods such as swaps of quota. This is not easy, but I assure my hon. Friend that I shall listen to the honest pleadings of her fishing community and do what I can to help them.

Barry Gardiner (Brent North) (Lab): I am grateful to the Minister for attending the meeting of the Global Legislators Organisation for a Balanced Environment commission on fisheries on world oceans day. Has he had the opportunity to read the letter that I sent him following the meeting in which I outlined the proposals for a marine fisheries recovery strategy that were made by the 16 nations represented on that day, and when might I expect a response?

Richard Benyon: I must apologise if I have not replied already. I thank the hon. Gentleman for inviting me to the event, which brought together people from across the world, and for chairing it so well. The event gave us the opportunity to show that what we are doing on marine conservation in this country is ahead of what is being done in many other countries, so people can learn from what we do. I assure him that I will reply to him as soon as I can and take forward the recommendations of that excellent organisation.

Huw Irranca-Davies (Ogmore) (Lab): I welcome the ministerial team to their positions. I know that they will do their very best in their roles and I ask them to keep the Department in good shape for us.

The CFP is on the agenda of the European Council meeting on 29 June. At that and subsequent meetings, will the Minister try to change the rigid rules that bind the hands of member states in international negotiations

so that they abstain when they cannot reach consensus, thus condemning iconic species such as the bluefin tuna and perhaps whales?

Richard Benyon: I pay tribute to the hon. Gentleman, with whom I worked closely when we sat on opposite sides of the House, for his hard work in doing an awful lot for the fishing community.

I am bemused by the arrangements requiring members of the European Union with a long tradition in the International Whaling Commission, including ourselves, to find an absolutely solid position with EU colleagues. The hon. Gentleman is to be credited for taking an independent line on bluefin tuna. I will take up the matter seriously, and my right hon. Friend the Secretary of State and other colleagues are also concerned about the voting procedure.

Huw Irranca-Davies: On the issue raised by the hon. Member for Hastings and Rye (Amber Rudd), I know that great expectations were raised in Hastings and elsewhere about the future of the under-10s fleet. I welcome the Minister's remarks about the work that has already been done, particularly with the SAIF—sustainable access to inshore fisheries—project. There was, however, an expectation of a master plan and an additional way forward, so will he tell us what that is?

Richard Benyon: I do not want to sound weak, but it is work in progress. I concede, and am the first to admit, that what seems incredibly simple in opposition can become more complicated, as the hon. Gentleman will understand. However, I am deeply mindful that we must recognise that fishing supports not only fishermen themselves, but communities. The Government will be focused on those communities. On the back of the SAIF project, we will bring forward answers in the medium term. We are looking to try to provide more quota and fishing capacity on a daily basis, and that will continue around the coastline.

Environment Agency

19. **Elizabeth Truss** (South West Norfolk) (Con): What plans she has to review the (a) functions and (b) accountability of the Environment Agency. [3955]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): In the Queen's Speech, the Government announced their intention to bring forward a Bill to reform public bodies. DEFRA is carrying out a critical examination of the number and cost of its arm's length bodies. The Environment Agency is being considered as part of that review.

Elizabeth Truss: I thank the Secretary of State for her answer. I am worried about the bureaucratic and remote nature of the Environment Agency's processes, specifically on the flooding of the A1101 at Welney and flood defences at Wiggenhall St Germans. Will she tell us how local communities can hold the Environment Agency's functions further to account and make it more responsive?

Mrs Spelman: One assurance I can give about unnecessary bureaucracy is that every one of the arm's length bodies with which DEFRA does business will be subject to the three tests applied to arm's length bodies across Government. They are: does it perform a technical function; does it need to be politically impartial; and does it act independently and transparently to establish the facts? The Environment Agency will be subject to those criteria.

I shall certainly take up my hon. Friend's concerns about flooding. She has made it clear on her website and in a number of interventions how anxious she is to ensure that her constituents are protected from flooding. I shall impress that upon the Environment Agency.

Mr Tom Watson (West Bromwich East) (Lab): Will the Secretary of State ask the Environment Agency to act independently and establish the facts of the use of aminopyralid herbicides, which have recently been licensed by the chemicals regulation directorate? They have got into manure and the toxic chemical has destroyed allotments in my constituency and allotments belonging to thousands of our citizens. She might not be an expert on the subject now, but I hope that she will take some responsibility and look into the misery that the chemical is causing.

Mrs Spelman: I thank the hon. Gentleman for his question, although I took my chemistry O-level so long ago that I have a little difficulty unravelling the description of the pesticide. There is also a pesticides inspectorate, but whether the Environment Agency or some other DEFRA agency is the appropriate body, I will take up his specific question.

Fishing Restrictions (Suffolk Coastal)

21. **Dr Thérèse Coffey** (Suffolk Coastal) (Con): If she will take steps to support fishermen in Suffolk Coastal constituency subject to restrictions in fishing activity arising from quota allocations and regulations on fishing vessels under 10 metres in length. [3957]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): As I said, I recognise the difficulties currently facing the inshore fleet. In the immediate term, the Marine Management Organisation is actively managing catch limits to keep fisheries open as long as possible, and is working to secure additional quota through swaps for stocks of importance. However, the current system is not sustainable in the long term. I plan to meet representatives from across industry and reflect on the outputs of the SAIF—sustainable access to inshore fisheries—project as a matter of priority. Common fisheries policy reform will also play a key role, where I want to see greater clarity on user rights and management devolved to local communities.

Dr Coffey: I thank the Minister for that reply. I hope that when he comes to my constituency to look at the impact of coastal erosion, he will make time to meet local fishermen and, indeed, enjoy some delicious fish and chips in Aldeburgh or Sole Bay. For too long, fishermen have felt remote from what goes on in this House, and direct access to a Minister for a short time would be very welcome.

Richard Benyon: I hope that I have got it across to many members of the fishing community that I am accessible and that they can approach me to explain their problems, which are often very local and specific

to the area of coastline where they fish. I shall certainly take up my hon. Friend's kind offer of fish and chips in her constituency and have a detailed discussion with members of her fishing community about the problems they face.

Biodiversity

22. **Chris Skidmore** (Kingswood) (Con): What plans she has to increase levels of biodiversity; and if she will make a statement. [3958]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I assure the House that biodiversity is one of my highest priorities. I shall take action domestically through a White Paper on the natural environment, which will promote green spaces and wildlife corridors to restore and increase biodiversity. At international level, I shall ensure that the UK shows leadership in this international year of biodiversity by working to achieve a global agreement on a new biodiversity framework at the meeting of the convention on biological diversity in Nagoya in October.

Chris Skidmore: I am sure the Secretary of State agrees that a key aspect of improving our nation's biodiversity is planning. In Kingswood, our much treasured green belt has been threatened by the previous Government's disastrous regional spatial strategy and the plan to build 10,000 houses on it. Does my right hon. Friend agree that the urgent abolition of the RSS and returning powers to build houses to local communities will help to protect our green belts and defend biodiversity?

Mrs Spelman: I can reassure my hon. Friend that he is speaking to a Secretary of State whose constituency is entirely within the green belt and who has campaigned tirelessly on its erosion and, in particular, the unfortunate consequences of the phenomenon of garden grabbing. Those matters are the responsibility of the Department for Communities and Local Government and I am well aware that my right hon. Friend the Secretary of State for Communities and Local Government intends to abolish the regional spatial strategy and to protect and maintain the green belt, as my hon. Friend would like.

Farming Regulation

24. **Sajid Javid** (Bromsgrove) (Con): What plans her Department has to reduce the level of regulation on farmers; and if she will make a statement. [3960]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I refer my hon. Friend to the answer that I gave to Question 2.

Sajid Javid: I welcome those on the Front Bench to their new roles and I thank the Secretary of State for visiting Bromsgrove during the election campaign.

The Minister referred earlier to the review of EU regulations, but may I draw his attention to the fact that they are often not enforced by our major trading partners? While we enforce regulations harshly, many EU countries ignore them, so will the he consider that urgently?

Mr Paice: I am grateful to my hon. Friend for that very important question. There is a huge amount of concern that some EU countries are less vigorous in enforcing regulations, and it is one of the issues that the taskforce will want to look into. I would just add the caution that when one looks closely at a matter on the ground, it is not always as clear-cut as it appears. If he has a particular case in mind, I will be happy to look into it.

British Waterways

25. **Tristram Hunt** (Stoke-on-Trent Central) (Lab): What plans she has for the future of British Waterways. [3961]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I made a statement on Monday 21 June on inland waterways policy for England and Wales. The Government consider that civil society has a valuable role to play in delivering public services as part of the big society. We will be looking in detail at options for a third sector model that will be appropriate for British Waterways, including the possible inclusion of Environment Agency navigations. No decisions will be taken until after the spending review.

Tristram Hunt: The Minister will know that Stoke-on-Trent is blessed with many things, and among them are the great canals of England: the Trent and Mersey and the Caldon canal, where we recently had the Hanley regatta. In order to become a proper third sector organisation, British Waterways needs an appropriate financial settlement following the comprehensive spending review and a longer contract with Government to replace annual grants. Can British Waterways' property endowment be put in a charity-locked mechanism, so that the Treasury does not sell it down the canal, and we can be assured that, as an example of the big—

Mr Speaker: Order. I am grateful to the hon. Gentleman, but I think that we have the gist of his question.

Richard Benyon: I am grateful for all those questions, and I look forward to debating this matter with the hon. Gentleman and other colleagues to whom it is important. I know that he is particularly interested in the heritage of our waterways. The answer to his question is yes. For the third sector model to work, British Waterways will have to have access to its estate, or a large proportion of it, for it to gear up funding for sustainable funding in the future. I can assure him that it will not proceed unless it is locked in in that way. Those are the negotiations that we are taking forward with British Waterways.

Topical Questions

T1. [3962] **Peter Aldous** (Waveney) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I will be publishing my Department's priorities shortly in our structural reform plan, but I can share with the House that they are: to support British farming and food and encourage sustainable food production; to enhance the environment and biodiversity to improve the quality of life; and to support a strong and sustainable green economy, resilient to climate change.

Peter Aldous: Fishing and farming are important industries in my constituency of Waveney in north Suffolk, and the forthcoming reviews of the CAP and the CFP provide a great opportunity to improve the prospects of those two industries. Can the Minister and her team assure my constituents that they will stand up for British farmers and fishermen and show the leadership to get them the best possible deal?

Mrs Spelman: I can assure my hon. Friend that the coalition Government are engaging effectively and constructively with the EU in the UK's national interest. I hope that the early evidence of the invitation to the commissioner, which was accepted last night, will demonstrate that we are taking the concerns of British farmers and fishermen right to the heart of European matters.

Hilary Benn (Leeds Central) (Lab): Sixteen conservation organisations have recently written to the Secretary of State urging her to protect agri-environment schemes from spending cuts. Given that every pound that we spend brings in money from Europe, and given that once biodiversity is lost, it is very hard to bring back, can she give the House an assurance that she will make the natural environment a priority in the decisions that she makes?

Mrs Spelman: I can give the right hon. Gentleman that absolute assurance. In answer to a question about biodiversity, I have just made it clear that I and the Department attach great priority to it, and agri-environment schemes are an integral part of ensuring good biodiversity.

T3. [3964] **Robert Halfon** (Harlow) (Con): It is a shame that the former Prime Minister and right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) made only a fleeting visit to the Chamber, as I would have liked him to have heard my question. Does the Secretary of State agree that the previous Government's payments agency was an expensive shambles? Will she visit Matching and other villages in my constituency and meet farmers who were threatened with financial ruin when payments were delayed? Will she take steps to simplify that service?

Mr Speaker: Order. May I say very gently to the hon. Gentleman and to other Members that topical questions in particular are supposed to be brief, and that a Member has a topical question—singular?

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I shall try to reply with one answer. I fully understand my hon. Friend's concern. I would be very happy to visit his constituency, as I have done many times, and I am very conscious of the distress that the mistakes of the Rural Payments Agency caused to many farmers.

T2. [3963] **Kerry McCarthy** (Bristol East) (Lab): Earlier this year, Nocton Dairies submitted an application for a factory farm for 8,000 cows in Lincolnshire, and said:

"Cows do not belong in fields."

Now the pig farmer of the year 2009 has submitted an application for 26,000 pigs to be held in a factory farm in Derbyshire. Does the Minister agree that we should resist that increasing industrialisation of our food production?

Mr Paice: I am grateful to the hon. Lady for a question that tests many people, as she rightly identifies. I make two points. First, specific planning applications must, quite properly, fall to the local planning authority and are not for DEFRA Ministers to comment on. Secondly, on wider animal welfare issues, the coalition has made achieving the highest standards of animal welfare one of its absolute commitments. However, all the evidence is that management, rather than simple numbers, necessarily dictates the quality of animal welfare in any particular unit.

T6. [3967] **Philip Davies** (Shipley) (Con): Does the Secretary of State understand the frustration of people who hear the European Commission for ever promise to reform the common agricultural policy, and Governments of all parties promise to get it reformed, when nothing ever happens? Does she not agree that the failure to reform the CAP, which costs this country £10 billion a year, is yet another perfect example of why we would be better off out of the European Union?

Mrs Spelman: I perfectly understand the frustration of my hon. Friend and, in fact, farmers, who feel that we could and should get a better deal from the common agricultural policy. From the preliminary stages of the negotiations, however, I can share with him the fact that, across Europe, there is a clear consensus on lifting the regulatory burden on farmers. That augurs well for the issue being an important part of CAP reform and for my ensuring that the UK gets the best possible deal for its farmers, fishermen, consumers and taxpayers alike.

T4. [3965] **Mr Jim Cunningham** (Coventry South) (Lab): Has the Secretary of State had the chance to talk to her colleague in local government about the building of 7,000 houses on Coventry's green belt in Keresley and Kings Hill? Will she honour her pledge to stop that proposal, which was put forward by the previous Conservative-controlled city council?

Mrs Spelman: I assure the hon. Gentleman that with the abolition of the regional spatial strategy the local plan is what determines where and how many houses are built. That will be a matter for Labour-controlled Coventry city council: it is within its gift to decide where the houses that are needed for the people of Coventry should go.

T7. [3968] **Guy Opperman** (Hexham) (Con): The electronic sheep tagging rules were introduced by the previous Government. Will the Minister review the practical operation of those hated rules? Traceability can surely be maintained without the unnecessary cost and bureaucratic burden on farmers and Government alike.

Mr Paice: My hon. Friend puts his finger on a key regulation for which I cannot find any sensible justification. Nevertheless, it is in place, but I plan to speak to the relevant commissioner about it in Luxembourg next week.

T5. [3966] **John Mann** (Bassetlaw) (Lab): Will there be any cuts in taxpayers' subsidies to farmers in 2011 and in the consequential four years?

Mrs Spelman: Obviously, the common agricultural policy determines in large part the remuneration that farmers receive, and taxpayers from all member states contribute to its funding. As the hon. Gentleman will just have heard, I have made it clear that, as part of the CAP reform negotiations that will take place shortly, my objective is to ensure that we get the best deal for farmers, taxpayers and consumers alike.

T8. [3969] **Tom Brake** (Carshalton and Wallington) (LD): Smallholdings in Carshalton suffer badly from fly-tipping. What consideration have the Government given to the National Farmers Union's request to extend fines for people who fly-tip and to extend the Flycatcher database to include private land?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I am very interested in the NFU's suggestions. I have been following advice on this issue from organisations such as the Campaign to Protect Rural England. Fly-tipping is by and large a local issue, and it is often solved at a very local level by the immediate community. It is a burden that often falls to landowners, and to farmers, to clear up. We will be working with the NFU to get a better strategy, but also trusting local communities and empowering them with the necessary laws and regulations that they need to bear down on this scourge of the rural environment.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Does the answer that the Secretary of State gave to my hon. Friend the Member for Bassetlaw (John Mann) a few moments ago mean that she will indeed be arguing aggressively within the European Union for Europe-wide cuts in agricultural subsidies?

Mrs Spelman: I have made it clear that my objective as part of the CAP reform negotiations is to get a better deal for Britain's farmers and taxpayers. That should include, for example, proper recognition of the measures that farmers take to protect the environment at the same time as producing food in a sustainable way. The negotiations are at the early stages. It will be quite some time before we know how the UK will be affected, but my objective is to get us the best deal.

Tony Baldry (Banbury) (Con): On landfill, the coalition agreement says that the Government hope to promote energy from waste through anaerobic digestion. How will that be done?

Mrs Spelman: My hon. Friend, whose constituency is not far from mine, will perhaps have observed that our local authorities find that the increasing cost of the landfill tax is a strong incentive to try to reduce the amount of material that goes into recycling. There are opportunities for organic waste not to go to recycling at all; it is often composted by people who live in a rural or suburban locations. As regards anaerobic digestion, it is possible to consider collection from places where large quantities are produced, such as hospitals, catering outlets and schools.

John Cryer (Leyton and Wanstead) (Lab): The plan to privatise British Waterways by the back door—that is what the Minister is planning—has been knocking about for decades. What makes him think it will work this time?

Richard Benyon: It is not a plan to privatise British Waterways, but a plan to mutualise it. That was a very good suggestion that was made under the previous Government. It will offer the opportunity for longer-term secure funding. This is the sort of organisation that can exist in a voluntary sector role, as long as it has the proper resources to call on. I urge hon. Members to look carefully at the proposals that are being made. We are listening and consulting: we have not made any decisions yet. This is a method of securing a long-term, viable future for waterways that we all value greatly.

Julian Sturdy (York Outer) (Con): Will the Minister give the House an update on the health of bees in this country and on what future measures are planned to help the current situation?

Mr Paice: The whole House has always taken a great interest in bee health, and we were very critical when the previous Government initially planned to cut funding for it. My hon. Friend may be aware that this week, using a significant contribution from DEFRA, a £10 million research programme was launched on the whole issue of bees and other pollinators, because we recognise their value to the economy.

Ann Coffey (Stockport) (Lab): What support can the Secretary of State's Department give to traditional markets to encourage the sale of local produce?

Mrs Spelman: I thank the hon. Lady for that question. As I am sure she has seen, there is now a proliferation of farmers markets in most locations, because consumers very much like the diversity of high-quality produce that they offer. The decision about facilitating a farmers market in a particular location rests with local government. However, I am happy to discuss with colleagues at the Department for Communities and Local Government how we might give further encouragement so that we see more such markets.

Duncan Hames (Chippenham) (LD): As part of her forthcoming review of arm's length bodies, will the Secretary of State consider the track record of the Environment Agency in facilitating the introduction of hydroelectric power schemes on rivers? Its indecision and delay are an obstacle to progress on the River Avon in my constituency.

Mrs Spelman: I thank the hon. Gentleman for his question, but I believe that the question of hydroelectric power is one for the Department of Energy and Climate Change rather than the Department for Environment, Food and Rural Affairs. However, the Environment Agency operates as an arm's length body and, as I have previously said, will form part of the review.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Canals and waterways are vital in my constituency in inner London, where there is a huge renaissance thanks to the Olympics. I welcome the Minister's tone, but what conversations has he had with the Treasury? It is vital that British Waterways is not sold down the canal but is there for the long term, to protect this asset for the British public as a mutual.

Richard Benyon: I am aware that Regent's canal, in the hon. Lady's constituency, is a great heritage asset to that part of London. People who love it, and those who

love the canals in my constituency and elsewhere, will look on with great concern to ensure that that point is made and that the Treasury understands—and it does—the need to provide British Waterways with the endowment it needs to gear up for the necessary repairs and maintenance of our canals.

Martin Horwood (Cheltenham) (LD): I welcome the Ministers to their responsibilities. They will probably be aware by now that the previous Government were being taken to court by the WWF and the Angling Trust for non-compliance with the European Union water framework directive. Will the new Government adopt a different strategy on that important environmental legislation, based on involving local communities and stakeholders rather than lawyers?

Richard Benyon: We want to see much greater consultation with local communities, anglers and all sorts of interest groups—

Mr Dennis Skinner (Bolsover) (Lab): Liberals?

Richard Benyon: And Liberal Democrats, certainly. We want that consultation on the management of our river systems, and it is important to understand that we are talking about not just river ways but the whole system, including the farmers who ensure that the water that gets into the rivers is clean. The water framework directive is a vital piece of legislation and a good directive with which we want to comply, and we will work with all parties to ensure that it is a success.

Business of the House

11.32 am

Ms Rosie Winterton (Doncaster Central) (Lab): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 28 June will include:

MONDAY 28 JUNE—Conclusion of the Budget debate.

TUESDAY 29 JUNE—Opposition day (2nd allotted day). There will be a full day's debate on local government financing. This debate will arise on an Opposition motion.

WEDNESDAY 30 JUNE—General debate on the progress and prospects in energy efficiency.

THURSDAY 1 JULY—General debate on global poverty.

The provisional business for the week commencing 5 July will include:

MONDAY 5 JULY—Motion relating to the clear line of sight project, followed by the Chairman of Ways and Means has named opposed private business for consideration.

TUESDAY 6 JULY—Second Reading of the Finance Bill.

WEDNESDAY 7 JULY—Opposition day (3rd allotted day). There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 8 JULY—General debate on defendant anonymity.

Ms Winterton: I thank the Leader of the House for giving us the business.

It is important that today we take the opportunity to acknowledge that the Leader of the House has been working extremely hard this week to fine-tune his leak-prevention strategy. I certainly detected his guiding hand in the reports of the unprecedented move by the Chancellor of the Exchequer to ask journalists to sign a written legal agreement that they would only take photographs of him and not ask any questions, just in case he let the cat out of the bag about anything in the Budget. That was a magnificent move, not least because it vindicated the work that the Opposition have been putting in week after week, making helpful and constructive suggestions about how to get the Leader of the House's leak-prevention strategy up to scratch. Sadly for the Chancellor, the media refused to co-operate and, frankly, things have been going downhill ever since.

The Secretary of State for Education announced his plans for free schools to the papers and came to the House only because the Opposition tabled an urgent question. The Secretary of State for Health announced to the media the biggest shake-up of the NHS operating framework at 9.25 on Monday morning, but a written ministerial statement did not appear until 12.40. As for the Budget, most of it, including detailed figures, was in the Sunday papers—my hon. Friend the Member for Rhondda (Chris Bryant) made a point of order about that this week.

Obviously, an investigation of what went wrong will be in order, but Labour Members are quietly confident that the Leader of the House and Deputy Leader of the House can become the Government's Sherlock Holmes and Dr Watson. They might like to have as their prime suspect the ventriloquist's dummy, the Chief Secretary, who tells us very little when he comes to the House, but may be rather more garrulous with journalists as the Liberal Democrat mouthpiece for Conservative policies. Perhaps the Leader of the House could put in the Library the advice that is being given to the Cabinet about making announcements to the House before making them to journalists.

Why is there no oral statement today from the Secretary of State for Work and Pensions on changes to the state pension age, which mean that men in their 50s will lose on average £8,000 of state pension?

Last week, the Leader of the House stated that he had set out in response to a written question how the Government would inform Parliament of the numerous reviews and commissions that are taking place. It is not clear from his reply where the review took place that led on Monday to the Prime Minister's saying, in response to an intervention from me, that the Sheffield Forgemasters loan was a piece of "financial engineering". Those remarks have caused huge concern among industrialists in Sheffield and south Yorkshire. The implications of the Prime Minister's words are that he is backing Japanese and Korean industrialists against UK manufacturing. I urge the Leader of the House to provide more information about the reviews' terms of reference.

May we have a general debate on today's findings by the Institute for Fiscal Studies? The IFS shows that, under Labour's plans, the poorest 10% would have been virtually untouched, but under the Chancellor's Budget, their incomes are cut by more than 2.5%. Even the Government's appointed public sector pay commissioner has said that there is no logic to the brutish cuts that the Chancellor proposes. Will the Leader of the House ask the Prime Minister himself to lead the debate on the IFS findings so that he can explain to the House why he said yesterday that it was a fair Budget?

I thank the Leader of the House for granting the general debate on defendant anonymity. That is very welcome.

Sir George Young: I am grateful to the right hon. Lady for her last comment. I congratulate the hon. Member for North East Derbyshire (Natascha Engel) on her success in the election for the Chair of the Backbench Business Committee.

I am afraid that the right hon. Lady is wrong about the written ministerial statement on the NHS operating framework. It was issued on time, just after half-past nine, and the document, which was the subject of the point of order, was deposited in the Library at 9.34 am. All the normal procedures were followed in respect of that document.

It is indeed the case that more urgent questions are being granted. I listened to your important speech to the Hansard Society, Mr Speaker, when you said:

> "I have also deliberately rescued the urgent question, a device which compels a Minister to come to the House to face a question on a matter which has suddenly arisen".

The previous Government also experienced that change of approach. We welcome it and are happy to come to the House to answer urgent questions when they are granted.

On Sheffield, the Secretary of State for Business, Innovation and Skills dealt with that point extensively

in his speech in the Budget debate yesterday, and I understand that the Deputy Prime Minister is meeting Sheffield Forgemasters tomorrow in his constituency.

So far as welfare is concerned, the right hon. Lady will know that on Monday the Budget debate will be opened by my right hon. Friend the Secretary of State for Work and Pensions. He will deal robustly with the points that she has made. She will also know that, for the first time, the Red Book contains a whole section on the impact of tax and welfare changes on households, from page 63 all the way to page 69. I am sure that she will have read the conclusion about child poverty on page 69, which says:

"Steps have been taken to protect low income families with children from the impact of these changes, by freezing the rate of Child Benefit to partly fund above indexation increases to the Child Tax Credit. This ensures that the overall impact of all modelled Budget changes on child poverty...is statistically insignificant."

Let me say to the right hon. Lady that of course I take seriously the question of leaks, as I have said before. The House should be the first place to hear of any major changes in Government policy, and we also take seriously the suggestion of any leaks in advance of statements. However, on her general point, the House would take the Opposition more seriously, first, if they exhibited just some remorse for the mess that they left this country in, and secondly, if they indicated how they would fill the £50 billion gap in the public finances that they left us to inherit.

Several hon. Members *rose—*

Mr Speaker: Order. A great many right hon. and hon. Members are seeking to catch my eye. As always, I would like to be able to accommodate everybody, but a single, short supplementary question and a characteristically brief reply from the Front Bench are the order of the day.

Mr Edward Timpson (Crewe and Nantwich) (Con): Now that we realise how much the previous Government misled the public about transport infrastructure investment, promising money that simply did not exist, can the Leader of the House find time for a debate on enabling greater private sector investment in our transport infrastructure, including helping to boost projects such as the regeneration of Crewe railway station in my constituency?

Sir George Young: I am grateful to my hon. Friend. Along with many other hon. Friends, I had occasion to visit Crewe railway station some two years ago, in order to secure his election to the House. He will have heard my right hon. Friend the Chancellor refer in his Budget statement to a generous regional investment fund to take forward transport and other infrastructure projects that will lead to jobs. My hon. Friend will also know that we favour much longer railway franchises, which will enable the train operating companies to take a longer-term view and therefore afford major investment projects such as that in Crewe railway station.

Kate Green (Stretford and Urmston) (Lab): Yesterday the Secretary of State for Communities and Local Government informed me that he would not be calling in a planning decision for a mega-Tesco in my constituency. Although gains in jobs will be welcome in the local economy, just down the road in Stretford town centre, there is a shopping centre in deep financial difficulties as a result of the Tory council's failure to invest and support it. Can we have a debate on how this Government intend to support and regenerate local town centres, which is something that I know is of concern across the House?

Sir George Young: I will of course draw to the attention of my right hon. Friend the Secretary of State for Communities and Local Government the failure to call in a particular planning decision, but I have to say to the hon. Lady that one of the thrusts of the coalition Government's policies is to devolve decision making down to local communities—to local councillors who are answerable to local people for the decisions that they take on planning and others matters.

Mr David Davis (Haltemprice and Howden) (Con): May I draw my right hon. Friend's attention to the written statement this morning on pre-charge detention? Although I understand that the instrument will be debatable in the House, we are talking about a highly controversial issue. In future when they have such highly controversial issues, can he encourage his right hon. Friends to come and speak to the House, and not follow the new Labour practice of releasing things as written statements on a one-line Whip Thursday.

Sir George Young: I am grateful to my right hon. Friend. As he knows, today's statement is about an interim arrangement while the review of detention takes place, and it carries forward for six months the 28-day detention proposal. As he generously said, the order that my right hon. Friend the Home Secretary has just laid will be debatable and votable on in both Houses, so I hope that there will be adequate opportunity for his views on this important issue to be heard.

Natascha Engel (North East Derbyshire) (Lab): I thank the Leader of the House for his congratulations and I look forward to working with him closely. He has always been a vocal supporter of a strong Backbench Business Committee. As such, will he ensure that the Chair of that Committee has full membership of the Liaison Committee?

Sir George Young: I am grateful for the hon. Lady's words. I had always envisaged that the Chairman of the Backbench Business Committee would indeed be a Member of the Liaison Committee and take part in its important work, not least in its twice yearly interrogation of the Prime Minister.

Roger Williams (Brecon and Radnorshire) (LD): Would the Leader of the House look favourably on requests for a general debate on the Floor of the House on science and its role in ensuring that we have an expanding and improving economy, particularly so that the Government can express their views on genetically modified technology and the role it can play in British agriculture?

Sir George Young: I am grateful to my hon. Friend for that proposal. As he will know, in future, decisions as to whether or not a general debate is held will fall to the hon. Member for North East Derbyshire (Natascha Engel) and her colleagues on the Backbench Business Committee, which we hope to get up and running as soon as we can. I am sure that what my hon. Friend has said did not fall on deaf ears.

Vernon Coaker (Gedling) (Lab): Will the Leader of the House arrange a debate on the answering of written questions with respect to a named day? Last Monday, I was expecting an answer from the Treasury to a named day written question about the distributional impact of a 1% rise in VAT. Given that the right hon. Gentleman has just quoted the Red Book, is he not astonished that I am yet to receive an answer to that question?

Sir George Young: I am genuinely sorry if there has been any discourtesy to the hon. Gentleman, and I will draw to the attention of my ministerial colleagues at the Treasury the need to get him an urgent reply.

Dr Julian Lewis (New Forest East) (Con): May I welcome the late conversion of the former Labour Government to not leaking to the press before making announcements in this House? May I ask the Leader of the House for an early debate on the importance of maintaining specialist mental health facilities, which would allow me to raise the question of the loss of the intensive care unit at Woodhaven hospital in the New Forest and the threat to the Crowlin House rehabilitation centre there?

Sir George Young: I am grateful to my hon. Friend and I know that this is an important issue for New Forest Members. He might like to put in for an Adjournment debate on this important issue or raise it with Ministers at the next Health questions.

Mr Dennis Skinner (Bolsover) (Lab): A few weeks ago, we were told that a statement on Building Schools for the Future would be made so that everybody would know which schools would be able to go ahead. The people living in Shirebrook and Tibshelf in the Bolsover constituency are still waiting for an answer. Several schools were built when the Labour Government were in power; when are we going to have a statement?

Sir George Young: As the hon. Gentleman will know from the Budget statement, the comprehensive spending review is now under way and the outcome will be known on 20 October. At that point, the Department will be in a position to see how best to spend its capital programme.

Mr John Baron (Basildon and Billericay) (Con): My right hon. Friend will know that the news flow from Afghanistan has not been very good recently. In addition to the further tragic loss of life, there has been the news about General McChrystal, the resignation of key Ministers within President Karzai's Government and the early retirement of the UK special envoy to Afghanistan. Will my right hon. Friend use his influence to encourage the Government to bring forward perhaps a ministerial statement outlining the latest situation, particularly given the talk from within the international security assistance force—ISAF—comparing Afghanistan to Vietnam?

Sir George Young: I am grateful to my hon. Friend, who will know that the Prime Minister made a statement on Afghanistan a few days ago and that the Government are committed to regular updates to the House on Afghanistan from where there has indeed been some more tragic news today. He will also know that Foreign and Commonwealth questions takes place on 6 July, but I do bear in mind his request, which I know is widely shared, for a more general debate on what is happening in Afghanistan.

Mr Phil Woolas (Oldham East and Saddleworth) (Lab): The House would not want to be left with the suspicion that the Deputy Prime Minister says one thing to one group and quite another thing to another group. Will the Leader of the House ask the right hon. Gentleman if he will report to the House on his meeting, due to take place tomorrow, with Sheffield Forgemasters? This is an issue not just for Sheffield—important though it is there—but for the whole of the nuclear industry, and particularly for our plans in the north-west of England.

Sir George Young: The hon. Gentleman will know that the Deputy Prime Minister answers questions to the House like any other Minister—*[Interruption.]* The hon. Gentleman will have an opportunity to raise the matter with him. Alternatively, he can table a written question to the Deputy Prime Minister on the issue he has raised.

Greg Mulholland (Leeds North West) (LD): All the English Members of the House thoroughly enjoyed England's qualification yesterday, and it was wonderful to see the cross of St George flying. However, it is still frustrating to hear England singing the wrong anthem—the anthem of the United Kingdom. Following the historic decision to use "Jerusalem" at the Commonwealth games, may we have a debate in the House about properly establishing an English national anthem for when England, as opposed to the United Kingdom, compete?

Sir George Young: I am sure that England's victory yesterday was celebrated not just in England but in Scotland and Wales. The hon. Gentleman raises an important issue. In future, whether or not something is debated in the House will be a matter for the Backbench Business Committee. In the meantime, he might like to try his luck in Westminster Hall.

Mr Dave Watts (St Helens North) (Lab): Further to the question put by my right hon. Friend the Member for Doncaster Central (Ms Winterton), will the Leader of the House arrange for a debate on the impact of VAT increases on low-paid families, bearing in mind that the Chancellor's and the Prime Minister's claims that the Budget is fair are contradicted in the Institute for Fiscal Studies report?

Sir George Young: We are in the middle of a four-day debate on the Budget, and the hon. Gentleman will have an opportunity later today and on Monday to raise precisely the issue he has just touched on and to get a convincing reply from one of my right hon. Friends.

Mr David Nuttall (Bury North) (Con): In view of the announcement by the Chancellor of the Exchequer that regrettably the civil list is to be frozen yet again, will the Leader of the House please arrange for a statement on the latest position on the Queen's forthcoming diamond jubilee being properly marked in the House and throughout the country?

Sir George Young: I understand that the arrangements on the civil list were dealt with by agreement, and I entirely agree with my hon. Friend that appropriate celebrations are necessary. We have a year or two in which to plan them, and I hope there will be an opportunity to share with the House exactly how that will be handled.

Pete Wishart (Perth and North Perthshire) (SNP): May I offer my most sincere congratulations to the English football team on reaching the knockout stage of the World cup? Does the Leader of the House not agree that disqualification of the smaller parties in the House from the Backbench Business Committee is in danger of rendering the whole project undemocratic and illegitimate? What is he doing to ensure that all Back Benchers are equal and that all have an opportunity to participate in the business of the House?

Sir George Young: The Wright Committee recommended that there should be a business committee of between seven and nine members. The House agreed the establishment of a Backbench Business Committee of eight members a few days ago, and the allocation between the parties was done according to the formula with which the hon. Gentleman is familiar, and the minority parties did not get a place. However, that Committee will be re-elected every year, and I can only suggest that when members are elected for the current year, he opens a dialogue with as many of them as possible to ensure that the voice of minority parties is heard at the Backbench Business Committee, and I am sure that its Chairman has listened to his point.

Andrew Percy (Brigg and Goole) (Con): The Leader of the House will no doubt be aware that following years of under-investment in our magistrates courts, Goole magistrates and county court, along with neighbouring Selby magistrates court, are scheduled for closure. May we have a debate on that important issue?

Sir George Young: As my hon. Friend will know, the Lord Chancellor yesterday announced a consultation on the closure of 157 magistrates and county courts. With public finances under pressure, we need to reduce costs wherever we can. We are committed to supporting local justice, and the Justice Secretary will take all views expressed into account before deciding which courts ought to be closed and when.

Mr Tom Harris (Glasgow South) (Lab): I am not entirely sure about this new democracy malarkey. Although we are not allowed to say it, the Whips did a very good job in previous Parliaments of ensuring that Select Committees had a good balance, geographically and in terms of gender and experience. Under the new system, I am not sure that that will be possible. May we have a debate at some point on whether this new experiment in democracy within the House has worked? I am not sure that the Wright reforms were the right reforms.

Sir George Young: I cannot believe that the hon. Gentleman is suggesting that we go back to the old system whereby the Whips nominated Members to Select Committees. It is astonishing that in the House of Commons, the cockpit of democracy, an hon. Member should make such a regressive suggestion that we abandon elections and go back to nominations.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Does the Leader of the House agree that we should in no way wish to curtail demonstrations in Parliament square, but that the present system of almost permanent incumbency is unsatisfactory? The square should be used on a much wider basis by more demonstrators and by people for recreation, including tourists.

Sir George Young: I agree with my hon. Friend. With the Houses of Parliament, Westminster Abbey and Whitehall, it is a historic setting, and the presence of a shanty town right in the middle does no credit to the centre of one of the greatest capital cities in the world. As he will know, the Mayor of London is responsible for the green in the middle of the square, and he is in the process of taking action through the courts against those currently occupying it. If he is successful, I hope that the green will be cleared and accessible to more people. Personally, I have no objection to people lobbying and protesting outside the Houses of Parliament, but I think that at the end of the day they should go home.

Maria Eagle (Garston and Halewood) (Lab): In the newspapers this morning, the Minister for Police has been quoted as saying that

"the last government mistakenly believed that the test of an effective police force was how many officers it employed."

We know that the Budget and spending review will ensure that there are far fewer police on our streets across the nation, but at the recent general election, in Garston and Halewood, my Conservative opponent promised

"more officers on the beat in Liverpool",

as did my Lib Dem opponent. The Deputy Prime Minister, who visited on a number of occasions, also said that the Lib Dems would put more police on the streets. Will the Leader of the House agree to a debate in Government time on the new politics that the governing parties appear to be advocating, and on whether it equates to no more than completely ignoring election promises and treating the electorate like dupes?

Sir George Young: There will be Home Office questions on 28 June. Until the hon. Lady tells the House how the Labour party would have filled the £50 billion gap in the public finances, we will listen with suspicion to her points accusing us of making reductions that the Labour party would not have had to make had it won the election.

Mark Lancaster (Milton Keynes North) (Con): May we have a debate on child abduction? We might then discuss the case of my constituent, Ken Spooner, whose two British-born children were abducted by their Zambian mother in 2008. Having spent nearly all his life savings on successfully getting his children made wards of a UK court, and having that registered in Zambia, even now he cannot get them returned to the UK. Can the Government do anything to help?

Sir George Young: I am grateful to my hon. Friend for that question. Many Members of Parliament will have experienced cases in their constituency in which the courts have awarded custody to the UK parent but the children are abducted to another country. Where the other country has signed the relevant Hague convention,

[Sir George Young]

it is possible through the courts of that country to get the child repatriated, but it is difficult where the country concerned has not signed up to that agreement. We are pursuing the matter with the Foreign and Commonwealth Office, which will be in touch with my hon. Friend.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): May we have a debate on compensation payments for Christmas Island victims? Such a debate would allow us to find out exactly why the compensation payments are taking so long and to assure the victims that the payments will still be made. More importantly, it would allow us to choke off the financial gravy train for the legal profession.

Sir George Young: The hon. Gentleman raises an important issue, and I will share his concern with the Foreign and Commonwealth Secretary. On 6 July, there will be questions to that Department, and he may have an opportunity to raise the issue then.

Philip Davies (Shipley) (Con): May we have a topical debate on the remit and membership of the National Institute for Health and Clinical Excellence, which is rapidly in danger of becoming a nanny state monster? Most people thought that its job was to assess the clinical and cost effectiveness of drugs, yet not a day goes by without it proposing some ridiculous measure, such as compulsory sex education for five-year-olds, state handouts to food companies to produce healthier food, smoking breath tests for pregnant women or minimum pricing for alcohol. May we have a debate on getting NICE back to doing what it should be doing, rather than a load of garbage that it should not be doing?

Sir George Young: No public body should engage in mission creep and start encroaching on the responsibilities of other organisations such as school governing bodies or, indeed, parents. My hon. Friend may have an opportunity to share his concern with the Secretary of State for Health during Health questions, which I believe will take place next Tuesday.

Mr Kevan Jones (North Durham) (Lab): May we have a debate in Government time on the politicisation of the military, given that a story in this morning's *Daily Telegraph* made clear that a row had taken place between the Secretary of State for Defence and the Prime Minister, and given that it was announced last week that the Prime Minister would personally interview candidates for the post of Chief of the Defence Staff? Is there not a danger that any future CDS will be seen as merely a Tory party stooge?

Sir George Young: The hon. Gentleman should not believe everything that he reads in the papers, even in *The Daily Telegraph*. As for the question of public appointments, I can assure him that the proper procedures will be observed in the appointment of senor public officers.

Robert Halfon (Harlow) (Con): Has my right hon. Friend seen early-day motion 282?

[That this House congratulates the millions of people who gain vocational qualifications every year and celebrates their achievement on the third annual Vocational Qualifications Day on 23 June 2010; notes that, while there have been significant improvements in the way vocational qualifications are viewed, more needs to be done to raise the stature and demonstrate the benefits of practical and vocational learning; recognises that vocational qualifications provide the workforce of tomorrow with the practical skills needed to progress in the workplace and help employers improve and grow their businesses, especially in a challenging economic environment; and believes that the many paths to success available should be celebrated.]

It refers to Vocational Qualifications day, which was held yesterday. According to Edge, 4 million vocational qualifications were awarded last year, many of them in Harlow. Will the Leader of the House give thought to allowing an annual skills debate to be held on the same day?

Sir George Young: It so happens that I have read early-day motion 282. As my hon. Friend will know, the coalition agreement contains a clear commitment in this regard, which states:

"We will improve the quality of vocational education, including increasing flexibility for 14–19 year olds and creating new Technical Academies as part of our plans to diversify schools provision."

Emma Reynolds (Wolverhampton North East) (Lab): Several schools in my constituency are expecting investment under the Building Schools for the Future programme. I am deeply concerned by the Leader of the House's statement earlier that we would have to wait until October to find out whether that investment will go ahead. May we have a debate on the issue, and will the Government reconsider?

Sir George Young: The outcome of the comprehensive spending review will indeed be announced on 20 October, but I understand that a statement on Building Schools for the Future is likely to be made next week.

Kevin Brennan (Cardiff West) (Lab): Further to the comments of my hon. Friend and best mate the Member for Cardiff South—sorry, I mean Glasgow South—*[Laughter.]* It is a bit further north than the Cardiff constituency.

My hon. Friend the Member for Glasgow South (Mr Harris) obviously agrees with a predecessor of yours, Mr. Speaker. Bernard Weatherill once told me, "You can't have civilisation without sewers, and you can't have Parliament without the Whips." May we have a statement, or perhaps a debate, on the cost of democracy and of some things we have lost which are valuable, including the ability of Opposition spokespeople to travel in order to carry out their duties? That has been taken away by our handing over such matters to people who know nothing about politics. Is it possible for the Leader of the House to look into the matter? I am sure that he will want to make certain that the Opposition can do their job properly, as he did when he was in opposition.

Sir George Young: The Government are very anxious for the Opposition to be able to hold us properly to account. Having been an Opposition Front-Bench spokesman myself, I recall that the Short money makes provision for travel for Opposition spokesmen. That is the source to which the hon. Gentleman should look in order to fund his important travels around the country.

Mr Mark Williams (Ceredigion) (LD): The Amnesty International report "From Protest to Prison" reveals that up to 5,000 Iranians citizens are now languishing in prison following the disputed presidential election. There have been 150 executions in Iran, and persecution of the gay community, the Baha'i community and, of course, women remains characteristic of the Iranian regime. May we have a debate on the human rights record of the regime and our Government's necessary response to it?

Sir George Young: The hon. Gentleman has raised the important issue of the barbaric treatment of a number of prisoners in Iran. Foreign Office questions will take place on 6 July; alternatively, he may wish to apply for a debate in Westminster Hall, where the matter could be dealt with at greater length.

Chris Bryant (Rhondda) (Lab): May we have a debate on ministerial statements, or at least a statement on statements? The right hon. Gentleman has suggested to us that it is fine for Ministers to use written ministerial statements even to deal with such highly controversial issues as retirement and the closure of magistrates courts in areas throughout the country, including Llwynypia in my constituency. He has just said that there will be a statement on something next week. Would it not have been better to include that in his opening announcement? Would it not be better for him to say that he knows that there will be a statement next week, so that it will be easier for us to scrutinise the Government?

Sir George Young: The business statement does not normally include written statements. We can give prior notice of written ministerial statements, and I shall see whether that could be done in the instance that the hon. Gentleman has cited. However, we have not deviated from the policy on written ministerial statements that was adopted by the last Government, of whom he was a distinguished member.

Mr Tom Watson (West Bromwich East) (Lab): If the Leader of the House granted a debate on public sector cuts, I could inform him of my plans for alternative cuts. The Foreign Office recently admitted to me that the ministerial wine cellar was worth £860,000 a year, and that it had just spent nearly £18,000 on replenishing it after the election. However, it was less candid about what was held in the collection. Does the Leader of the House think that Ministers should tell me what is in it, and should we sell it so that we are "all in it together"?

Sir George Young: I could have said that the Chief Secretary was not the only person who left the cupboard bare, and that the Government hospitality cellar had to be replenished when we came to office; but I will not.

It says here: "The Government hospitality cellar is a carefully managed resource that is integral to the service delivered by Government hospitality for all Government Departments. Expenditure since the election has been part of the normal buying pattern for the cellar, on which between £80,000 and £100,000 is spent per annum."

Barry Gardiner (Brent North) (Lab): When will the Leader of the House announce measures to make good his party's excellent manifesto commitment based on the Illegally Logged Timber (Prohibition of Sale and Distribution) Bill, which I presented as a ten-minute Bill? The party made that commitment in opposition. Will he also tell us whether the rumour that responsibility for it has been passed from the Department for Environment, Food and Rural Affairs to the Department of Energy and Climate Change is correct?

Sir George Young: I would require notice of the second part of the hon. Gentleman's question, but he has raised an important issue. There is a commitment, and it will be honoured.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Given that there is plenty of time for general debates over the next few weeks, may we have an early oral ministerial statement on Equitable Life? Before the election the Government parties made lots of sympathetic noises to Equitable Life policyholders, but they are now increasingly concerned that they are about to be betrayed. May we have an early ministerial statement to reassure them that the promises made not just by the Government but by 380 Members of Parliament across the House are to be kept?

Sir George Young: This side of the House will accept no criticism from Opposition Members about the treatment of Equitable Life policyholders. We can do better than a statement: we will introduce a Bill.

Mr Speaker: Last but not least, I call Mr Nick Smith.

Nick Smith (Blaenau Gwent) (Lab): Yesterday in Parliament the Prime Minister said, in regard to employment, that the Government would

"introduce our work programme, which will be the biggest, boldest scheme in.... history".—[*Official Report*, 23 June 2010; Vol. 512, c. 288.]

Unemployment in my constituency is almost 12%. The Labour Government's future jobs fund has been a tremendous success, creating nearly 500 jobs, but when will we have a proper debate? When will we have further discussion and much more information about this important subject?

Sir George Young: The short answer is "on Monday". My right hon. Friend the Secretary of State for Work and Pensions will lead Monday's debate on the Budget, and will focus on that subject.

The future jobs programme was expensive in comparison with other programmes. It found relatively short-term jobs paying relatively low wages. We believe that we can do much better than that.

Points of Order

12.9 pm

Barbara Keeley (Worsley and Eccles South) (Lab): On a point of order, Mr Speaker. My right hon. Friend the shadow Leader of the House raised today the issue of the announcement made by the Secretary of State for Health at 9.25 am on Monday of revisions to the NHS operating framework. I checked personally with the Library at 9.30 am and then throughout the morning for the written ministerial statement. It was not made available until 12.40 pm, 10 minutes after the deadline for submission of an urgent question to you, Mr Speaker. Is it in order for me to ask now for a review of the way in which written ministerial statements are made available to Members?

Mr Speaker: I am grateful to the hon. Lady for her point of order. The handling of matters of this kind, subject to its being orderly, is in the hands of the Government. As the Leader of the House is here, he might wish to respond, and is welcome to do so.

The Leader of the House of Commons (Sir George Young): I would welcome the opportunity to have a chat with the hon. Lady immediately and explain my understanding of what happened on that day.

Mr Speaker: I hope that that will suffice for now; I think it must.

Simon Hughes (Bermondsey and Old Southwark) (LD): On a point of order, Mr Speaker. Before we come to the serious matter of resuming the debate on the Budget, I wonder if I might crave your indulgence to see whether you might be willing to consider doing something on behalf of the House. You might have noticed that yesterday saw the most titanic tennis match ever played—in this great city of ours and in our country. Nicolas Mahut, the Frenchman, and John Isner, from the United States, ended up in the fifth set at 59-all when, for the second day running, they were not able to complete that match. They will take it to a conclusion today. I wondered whether at the end of the match you might consider inviting the two players to this House to show, in this great summer of sport, how much we value sport in this country and how much we value people from all over the world coming to show their talents in this great country of ours.

Mr Speaker: What I would say to the hon. Gentleman is as follows. First, it may or may not be of interest to him and the House to know that I myself watched significant parts of that match—certainly for at least a couple of hours in the evening—and was as fascinated by it as the hon. Gentleman. The second point is that his suggestion is an interesting one but, sadly, does not qualify as a point of order. My third point is that I would be more than happy to invite the two gentlemen concerned to the House, but I do not have the foggiest idea whether they would be interested in accepting the invitation.

If there are no further points of order, we come now to the main business.

Ways and Means

Budget Resolutions and Economic Situation

CAPITAL GAINS TAX (RATES)

Debate resumed (Order, 23 June).

Question again proposed.

That provision may be made in relation to the rates at which capital gains tax is charged.

12.12 pm

The Secretary of State for Energy and Climate Change (Chris Huhne): I am delighted to open this day of the Budget debate and I want particularly to do three things in this speech. One is to argue why the Budget strategy—what used to be called the Budget judgment—is an essential and correct response to the balance of risks that the economy faces. The second is to address the question that always arises at this stage of the business cycle, which is from where the jobs are likely to come during the recovery. The third is to outline why, like all other recoveries from deep recessions, we will build a new economy. Indeed, a large part of the answer as to where the jobs will come from are the new low-carbon industries which represent our third industrial revolution. In five years' time, the outlines of a sustainable and resilient economy will be clear, thanks in part to the route map that we begin to sketch out in the Budget—the carbon price floor, the green investment bank and the green deal.

Let me start with the point about the balance of risks, and pick up where we left off in the last debate, when the right hon. Member for Doncaster North (Edward Miliband) was disparaging me for the "Greek defence" as he put it. This determines the timing of measures to cut the budget deficit. The last time that we debated these issues, the right hon. Gentleman accused me of performing a U-turn on whether there should be cuts in this year. I conceded that we in the Liberal Democrat part of the coalition had changed our minds. I also pointed out that we had done so on the basis of events in international capital markets, which have dramatically raised the risks of our being engulfed in a firestorm. If that were to occur we would not be looking at a proactive plan decided by Government, but at a forced reaction to market pressure, which would be unplanned, unconsidered and deeply damaging.

When I last made that point, the right hon. Gentleman said that there had been no change in circumstance that justified a change in judgment. So I looked up the figures for the key public finance borrowing interest rate: the 10-year bond yield for each of the afflicted economies and for our own. The 10-year bond yield determines the cost at which we finance our own borrowing, but it also sets the tone for interest rates in the rest of the economy. The 10-year yield for the Greek Government on the day the election was called in this country, 6 April, was a little less than 7%; it was 6.98%. It had hovered at or around that level for most of the early part of the year, yet during the general election campaign the Greek bond yield began lurching upwards, reaching a peak of more than 12% the day after our general election.

The right hon. Gentleman mocked my Greek defence and said that the circumstances were so different that we could not possibly be affected. I merely remind him that our Budget deficit is the second highest in the EU and currently higher than that of Greece. It is true of course that Greece has substantially higher public debt to national income ratios than we do, but that is not as consoling a thought as the right hon. Gentleman appears to think. Contagion does not work like that. It is, by definition, irrational and sees similarities even where a cooler mind sees differences.

Barry Gardiner (Brent North) (Lab): Did the right hon. Gentleman have the opportunity to watch and listen to the eminent Japanese economist on "Newsnight" last night, who explained, on precisely this point, that were Britain to be paralleled with Greece, the bond rates in Britain would not be showing a four point spread at the moment and would not be being bought so avidly by British companies and consumers?

Chris Huhne: The hon. Gentleman makes a point about the circumstances, but markets travel on expectations. The expectations of what was going on in this country were very clear during the general election campaign: the hon. Gentleman and his friends were about to lose the election. It is precisely the case with the contagion in southern Europe that it spread quickly from Greece to Spain and to Italy. Italy, of course, has a very high public debt to GDP ratio and is clearly in a different category from ourselves. But that is not the case for Spain—one of the most substantial economies in Europe—where the central Government to GDP ratio is actually much smaller than ours. The debt to GDP ratio in Spain was 33% as against 60% in the UK at the beginning of this process. That is the problem that the right hon. Member for Doncaster North and his friends have to answer. It was absolutely clear from the rise in bond yields across southern Europe that we were in the firing line and it would have been completely irresponsible for us not to remove ourselves from it.

Matthew Hancock (West Suffolk) (Con): Is the right hon. Gentleman aware that yesterday in the Chamber the shadow Chancellor argued that the problem with Greece, and one of the reasons for what happened there, was that the authorities did not act quickly enough? Does he share my surprise that the shadow Chancellor can combine that with an argument for not acting now here?

Chris Huhne: My hon. Friend is absolutely right. There is no doubt that the lessons of history are completely clear. Those countries that grip their problems and deal with them do so in their own time and their own way and in a proactive manner. Those countries that fail to do so end up like Greece and Spain—with socialist Governments—grappling with measures that will be far more severe than anything that we have introduced in this House. I simply remind the right hon. Member for Doncaster North that Lord Keynes, the great Liberal economist who continues to be an economic hero to me, was once famously accused of changing his mind. He splendidly replied, "When the facts change, sir, I change my mind. What do you do?" The right hon. Gentleman's principal problem today is that the facts have changed and he has not changed his mind. That is precisely the argument.

I would merely remind the right hon. Gentleman of another dictum from a rather great economist—also something of a hero of mine; I should probably be looking towards the Liberal Democrats here—J. K. Galbraith. He served a number of American Presidents, including J. F. Kennedy, and I should point out to the right hon. Gentleman that it was J. K. Galbraith who said that the essence of leadership was for a leader to confront the greatest dangers of the people they aspire to lead. The right hon. Gentleman is not doing that.

Chris Bryant (Rhondda) (Lab): I can fully understand why the Secretary of State feels the need to justify his change of position; he has a lot of voters to try to explain himself away to. I can also understand why he makes the argument that some elements of the economic situation in Europe have changed over the past few months. *[Interruption.]* No, I can see why he might make that argument, but I do not see why that means he has got to change his principles, because I thought one of his principles was that progressive taxation was better than regressive taxation, and that that was why he had a great big poster about a VAT tax bombshell. It is his principles that we are worried about.

Chris Huhne: The hon. Gentleman makes an interesting point, but I would merely commend to him the Institute for Fiscal Studies analysis published today, which looks in particular at the distributional consequences of value added tax. From the tables the IFS has usefully produced—at this point I rather agree with my right hon. Friend the Secretary of State for Business, Innovation and Skills that it would be helpful if we had a PowerPoint presentation pack in the Chamber for the edification of those who seem to be unaware of the evidence—and in particular from the analysis of the impact by decile of expenditure, it is very clear that VAT is not in fact the regressive tax that the Opposition have said. *[Interruption.]* Please, just look at the IFS distributional impact analysis, as it is made clear there. The reason for that—

Chris Bryant: On a point of order, Mr Speaker. "Erskine May" makes it very clear that hon. Members should be able to explain themselves without requiring documents that they then want to present to the House. The right hon. Gentleman has just said that Members should look at some document that he is referring to, but we are not able to do so. Should we not get back to the facts?

Mr Speaker: It is true that the use of visual aids in the Chamber is disorderly. I am going to be charitable and generous, and interpret the Secretary of State as suggesting that these are matters that people might like to take forward at another time outside the Chamber, but they clearly do not aid the debate in the Chamber now.

Several hon. Members *rose—*

Mr Speaker: I fear that we are going to have a flurry of points of order. *[Interruption.]* No, they are not points of order. I therefore call the Secretary of State.

Chris Huhne: Thank you, Mr Speaker. Let me merely assert, until the hon. Member for Rhondda (Chris Bryant) has had the opportunity to check this for

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himself, that the distributional analysis of changing the main VAT rate produced by the IFS today shows that there is not a regressive pattern to that when looked at by decile of expenditure.

I am very happy to defend this Budget, not least on the basis that, astonishingly, it is the first Budget in which we have a serious distributional analysis of the impact of its measures. We had 13 years of a Labour Government producing Budget after Budget, and on not one occasion in one Red Book was there a section devoted in this way to distributional analysis.

Edward Miliband (Doncaster North) (Lab): Why did the leader of the Liberal Democrats, now the Deputy Prime Minister, say on 7 April 2010 that we should remember that VAT is a regressive tax? How does the Secretary of State square that with the fact that he is seeking to claim from the Dispatch Box today that it is not a regressive tax?

Chris Huhne: If VAT is raised right across without the exemptions that we have for food, children's clothes and books, for example, and without the lower rate on fuel, then it is a regressive tax. It is a standard feature of basic micro-economics that indirect taxes are more regressive than direct taxes, but I ask that Members please look at the IFS analysis, because it seems to me to undermine directly the case that the Opposition are attempting to make.

Rachel Reeves (Leeds West) (Lab): The right hon. Gentleman talks about the IFS numbers on the distributional impact. Does he agree with the following numbers from the IFS? The impact of the measures announced on Tuesday on the incomes of the poorest—the bottom—decile will be minus 2.6%, whereas it will be minus 1.5% for the next two deciles, then minus 1.4%, minus 1.3%, minus 1.1%, minus 0.9%, minus 0.6%, minus 0.6% and minus 0.7%. So the bottom decile will see a reduction in their income of minus 2.6% and the top decile will see a reduction in their income of minus 0.7%. Is that regressive or progressive?

Chris Huhne: The hon. Lady clearly did not listen to my earlier answer. When looking at the distributional impact, it is very important, particularly with indirect tax measures, to look at the expenditure effects, not the income effects. The IFS report shows very clearly the enormous distinction between the conventional answer on the distributional impact on income and the answer when we look at the expenditure effects.

The choice for this Government has been clear: either we manage the transition to lower borrowing to sustain the recovery, or we will have those choices yanked from our hands by the markets and we will face force majeure. It is far better to design a fair package, as we have done, than to have an unfair package imposed on us that no one has had the time or thought or energy to design.

No fiscal package responding to a market emergency that I have ever seen has been fair, whatever Opposition Members may say. I spent five years of my pre-political life analysing sovereign risk and sovereign crisis. I was in Seoul before Christmas 1997, in Djakarta at the time of the food riots, and in Bangkok when the authorities struggled with the collapse of the Thai baht, and I never want to see a British Government have to go cap in hand to the International Monetary Fund as those countries did, as Greece is now doing and as the friends of the right hon. Member for Doncaster North had to do in 1976.

Had we run the risk of contagion—of a sharp spike in Government and probably short-term policy interest rates too—the impact on growth would have been severe. The truth is that the course of action that the right hon. Gentleman and his friends recommend—the Micawberish course of hoping that something will turn up—would have put the British economy and British jobs in the international firing line, and no responsible Government would have done that. Frankly, I have enough respect for the intelligence and judgment of the right hon. Gentleman to believe that he would not have adopted that stance if he and his friends had been re-elected.

Ian Swales (Redcar) (LD): Does my right hon. Friend agree that regressive taxes are those that stay the same regardless of people's income, such as council tax, whereas progressive taxes are those that increase with income, such as value added tax, under which the rich will pay more because they will spend more? *[Interruption.]* I say that as one of the qualified accountants in this House. *[Interruption.]*

Chris Huhne: Before Opposition Members start chortling away, let me say that my hon. Friend makes a very good point. I would merely remind Opposition Members which Government raised council tax so steeply—the most regressive tax in the entire toolkit. Year after year under a Labour Government it was pushed up and up and up.

Let me now turn to the issue of growth and jobs. At this stage in every business cycle that I have followed, going all the way back to the recovery from the bust that followed the Barber boom in the early '70s, the cry always goes up, "But where will the jobs come from?" That cry is particularly urgent whenever, as has too frequently happened, Governments are trying to deal with the legacy of past fiscal misdeeds. However, the forecast from the Office for Budget Responsibility is a reasonable central assessment and is similar to independent forecasts. It shows that the biggest impetus to growth this year comes, as is usual at this point in the cycle, from the inventory cycle. Recessions inevitably put businesses under enormous financial pressure. Businesses try to raise cash by cutting output and by meeting the demand for their goods from stocks, but that process has to exhaust itself as those stocks of finished goods run down. More of the demand for those goods then has to be met from output, and businesses once again gear up production. That is where we are today. The inventory cycle is a powerful stimulus. The OBR forecast has it contributing 1.2% of gross domestic product this year.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Let me take the right hon. Gentleman back to his defence of his party's volte-face on VAT. He explained that VAT was not a regressive tax because of the range of exemptions from it. Will he tell us what exemptions there are now under the coalition Government that were not there before that make it less regressive than it was before?

Chris Huhne: The hon. Gentleman knows that the exemptions are exactly the same. I merely make a standard point that is made by the IFS every year when analysing the distributional consequences of any financial measures. We can always take individual measures—the hon. Gentleman refers to VAT, but, as my hon. Friend the Member for Redcar (Ian Swales) has mentioned, the distributional consequences of what the Labour Government did with council tax were appalling because it is such an unfair tax—but we must look at the package as a whole. If one looks at the section of the document that describes what the distributional consequences are, one sees that the package as a whole is a fair one.

An important part of the answer regarding where jobs will come from is, of course, from existing businesses as they recover, as I have described. That will in turn feed confidence, consumer spending and investment. However, there is also a deeper answer.

David Wright (Telford) (Lab): Will the right hon. Gentleman give way?

Chris Huhne: Let me make a bit of progress with the argument. The deeper answer is the profound change that must take place in our economy over the next 10 years, which will also be a great source of growth, jobs and profit. I am talking about the transition of our economy—the third, or green, revolution—to being powered from low-carbon sources. That is potentially as great a shift as some of the biggest changes in our economic history—from water to coal, from coal to oil and from gas to electricity. With each of those fundamental changes of technology, there was a wave of new investment that powered the recovery of a new and very different economy. We can look at the legacy of the rapid recovery in the 1930s from the point of maximum downturn in 1931. That was one of the fastest periods of British economic growth, with the development of new electrical appliances, other light industries and the suburbs around our major cities.

Let me cite some numbers to give a feel for the scale of the potential transformation that we face as a result of the green revolution. Thanks to the ageing of our energy infrastructure, my Department estimates that we will need £200 billion-worth of new investment in the next 10 years. That scale of investment will have substantial macro-economic consequences for businesses in the supply chain and for all those who work in them. I am pleased that my right hon. Friend the Chancellor announced in the emergency Budget, even though the focus was inevitably on averting a fiscal crisis, two measures that will support that investment. The first was our coalition commitment to remodelling the climate change levy and providing a carbon price floor to encourage low-carbon sources of energy, renewables and others. We will consult on that in the autumn. The second was, of course, the commitment to the green investment bank. We will be looking at the scope of the bank through the autumn and we hope to bring forward proposals on that.

Toby Perkins (Chesterfield) (Lab): A lot of environmentalists were deeply disappointed that there were not more green taxes. Is that just another example of how little influence Liberal Democrat policy has had on what was a classic Tory Budget?

Chris Huhne: I honestly think that the hon. Gentleman is misreading the situation dramatically. We had three announcements; I have mentioned two of them already and I am going to expand on the green deal. It was an emergency Budget, and I would not have expected a substantial programme of reform on green taxes in an emergency Budget that was designed to take us out of the firing line. We have a clear coalition commitment, going forward, to a rise in revenue from green taxes as a proportion of total revenue. That is in the coalition agreement and I have absolutely no doubt that that is what we will see when the full Budget is brought forward in the normal way after the processes of consultation throughout Government.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Even if we accept what the right hon. Gentleman says about the emergency Budget, there was a very carefully costed proposal on air passenger duty in the Lib Dem manifesto—at least my Liberal opponents said that it was carefully costed—which seems to have gone missing. Why has that proposal been replaced by some future discussion in some future commission? Why has it become something that only might happen, if it could, apparently, have added £3 billion a year to the Budget now, at a time when that money is clearly needed by the Government?

Chris Huhne: I hope that the hon. Gentleman realises that there will be a consultation on that proposal in the autumn. I have no reason to believe that it will not be brought forward in the normal course of events with ordinary Government announcements. It is part of the coalition agreement and is widely welcomed. I believe that it was in both the Conservative and the Liberal Democrat manifestos, but not everything can be announced on day one. The overwhelming priority for this Budget has been to ensure that we can sustain growth and jobs by removing ourselves from the substantial and real risk of contagion from the financial crisis in southern Europe. That has been the overwhelming priority.

Duncan Hames (Chippenham) (LD): Given my right hon. Friend's comments on the need to invest in the infrastructure needed for a low-carbon energy future, will he assure me that his Department's investments in the south-west wave hub will endure and survive the current turbulence associated with the machinery of government of its sponsor body?

Chris Huhne: I thank my hon. Friend for that question. Obviously, he knows that we will go through the comprehensive spending review in the autumn, and the normal process is to make announcements when we have been through that, but I have no reason to doubt that the Government's commitment to the support of infant wave, tidal stream and wind technologies will continue and I am confident that there will be announcements reflecting that priority, which is in the coalition agreement.

Mark Lazarowicz: Will the right hon. Gentleman give way on that point?

Chris Huhne: I shall give way a bit more, but let me make a little progress. I have been making the argument that the need to replace our ageing energy infrastructure

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will give enormous impetus to growth in coming years. The other part of the argument has to be about looking at the centrepiece of the Bill that my Department will bring forward later in the year and at what we are proposing on the green deal. That, too, is an enormously significant package that will have genuine macro-economic consequences for the transformation of the economy and the creation of a whole new industry.

Edward Miliband: That was not mentioned in the Budget speech.

Chris Huhne: The right hon. Gentleman mutters from a sedentary position that that was not mentioned in the Budget speech, but the Budget documents contain a clear commitment in that regard. It is very clearly something that we are proceeding with rather dramatically.

The point that I want to make is that this will be the first genuinely comprehensive attempt to make sure that all of our housing stock is retrofitted. We know that most of the homes that we will be using in 2050 have been built already, so we need a comprehensive way to get carbon emissions from our residential housing sector way down if we are to meet our 80% overall reduction targets.

Dr Alan Whitehead (Southampton, Test) (Lab) *rose—*

Barry Gardiner *rose—*

Mark Lazarowicz *rose—*

Chris Huhne: Before I give way, let me make a couple of points about the economic significance of that approach. First, the potential increase in demand as a result of the creation of new industry will be absolutely enormous if we can get the Bill, the framework and the pay-as-you-save measures right. By way of indication, we would be talking, in practical terms, of 14 million homes that could be insulated with the support of the green deal. Purely arithmetically, if the average cost were £6,500, for example, we would be talking about a market worth literally tens of billions of pounds—£90 billion over a substantial period.

We are talking about creating a new industry that would be genuinely jobs-rich, as it would use skills already present in the construction sector and need unskilled labour as well.

Dr Whitehead: Will the right hon. Gentleman give way?

Chris Huhne: I will happily give way to my neighbour in Hampshire.

Dr Whitehead: I thank the right hon. Gentleman for giving way. He envisages that his green deal will involve insulating and raising the energy rating of 14 million homes in the UK. The previous low-carbon transition plan envisaged that that would be done through the provision of subsidised loft, cavity-wall and other forms of insulation. Has he succeeded in defending the money set aside in his Department for subsidising that, or will he rely on Tesco to do the job instead?

Chris Huhne: I certainly do not believe that we can rely on achieving the sort of comprehensive approach that I am talking about merely through introducing pay-as-you-save measures. The reality is that there will have to be cross-subsidy, as there already is, but particularly to the fuel poor and to those in homes that are hard to heat and which need solid-wall insulation and so forth. I am afraid that the hon. Gentleman will have to wait for the final proposals in the Bill, but I very much agree that we need a comprehensive set of proposals to deal with the whole of the residential housing sector. Those proposals must cover homes owned by owner-occupiers but also the private rental sector, where many of the worst offenders when it comes to energy inefficiency are to be found. I hope that that is what he will see.

Barry Gardiner: I am grateful once again to the right hon. Gentleman. I welcome the measures that he is outlining and we will want to study them carefully, but I am troubled by his suggestion that one element of the coalition agreement was a decision that green taxes should rise as a proportion of the revenues into the Exchequer. I have heard him make the argument, from this side of the House, that green taxes should be used to change behaviour but not as long-term revenue streams on which the Exchequer can depend. I agree with that, but will he explain why that element of the coalition agreement is now seen to fund resource into the future?

Chris Huhne: The hon. Gentleman knows, as I do, that the two points that he makes are not as mutually contradictory as he suggests. There is a long history in this country of applying so-called "sin taxes" to alcohol and tobacco, and they have had the very desirable effect of helping to get people off smoking and of cutting their drinking. The success of those taxes is not perhaps as great as many hon. Members on both sides of the House would like, yet I am assured by the latest Red Book documents that the Treasury continues to raise a very substantial amount of money from both tobacco and drink excises.

The reality is that, while green taxes will change behaviour, the responsiveness of behaviour is such that revenue will continue to be raised for a very substantial period. I have to say that, in the present circumstances, that point is likely to commend itself to the Treasury, which always used to follow the motto of Colbert, the finance minister of Louis XIV, who said that the art of taxation lay in plucking the maximum number of feathers from the goose with the minimum amount of hissing. In that context, green taxes certainly are a very justifiable way to pluck the maximum number of feathers.

I shall give way once more, to the hon. Member for Edinburgh North and Leith (Mark Lazarowicz), and then I shall wind up and let the debate make progress.

Mark Lazarowicz: I am very grateful indeed to the right hon. Gentleman for giving way. I want to leave Louis XIV and return to future technologies, and I was interested in the response that he gave to the hon. Member for Chippenham (Duncan Hames) about support for wave technologies. The right hon. Gentleman will probably know that two of the UK's leading marine renewable energy businesses have their headquarters in my constituency. Can he assure me that support for marine renewables will be at the centre of his policies

for every constituency in the UK, and not just those in the south-west of England? More specifically, will he tell us how the Government's support for marine renewables will be affected by the Budget that we are discussing?

Chris Huhne: Quite properly, the hon. Gentleman wants me to anticipate announcements that will be made by the Government in the normal course of events. I understand that game, as I have played it myself on many occasions. At this stage, however, I can merely tell him that I visited Aberdeen recently for the All Energy conference, where I had interesting and fruitful talks with the marine energy specialists currently testing equipment off Orkney. I am deeply committed, as I believe the Government are, to making sure that what is a genuinely interesting source of potential future prosperity and jobs continues to get the support that it needs to get off the ground.

Obviously, we are in very tough times and have had to cut our cloth to fit our straitened circumstances, but I believe that marine energy offers real opportunities. We have made a number of proposals in that regard, and we will continue to support the sector.

Chris Bryant: Will the right hon. Gentleman give way?

Chris Huhne: No. I said that the previous intervention would be the final time that I would give way before winding up, and I have given way to the hon. Gentleman before.

By the way, I should add to my response to the previous intervention by saying that we have confirmed some of the grants and soft loans made available, for example, for wind energy.

Dr Sarah Wollaston (Totnes) (Con): Will my right hon. Friend give way?

Chris Huhne: I am not going to give way again. I am sorry, but I am going to end up—[Hon. Members: "But it's a new Member!"] I am sorry, I did not realise that the request came from a new Member.

Dr Wollaston: I am extremely grateful to my right hon. Friend for giving way. My constituency is home to Transition Town Totnes, of which he may have heard. It leads the way in looking at climate change and peak oil, and I am sure that the people involved will be very interested to know the size and scale of the projects that will be funded by the green banks. What will be the time scale? When might they be able to start looking forward to making applications?

Chris Huhne: I thank my hon. Friend for that intervention. [Hon. Members: "Answer!"] Opposition Members know perfectly well that there are certain processes in Government that we have to go through. We have to consult. We have to make sure not only that we produce decisions at the moment that both Opposition and Government Members would like, but that those decisions are right and have gone through all the normal processes.

However, I want to pick up on one very important point. My hon. Friend mentioned peak oil, something that, especially in the context of Deepwater Horizon in the gulf of Mexico and our exploration west of Shetland, opens up a terribly important point about the whole thrust of what we are intending to do. That is that we have been given a wake-up call to move towards a low-carbon economy even more rapidly than before. That is not merely for climate change reasons but because an economy that is more independent of volatile sources of energy from geopolitically troubled parts of the world is also more resilient to oil price shocks. If the name of the game is not to end boom and bust, as the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) used to promise, but at least to moderate boom and bust, then an important objective for my Department has to be to ensure that that moderation takes place by making energy security a more serious objective and defining energy security not merely in terms of physical interruptions—problems, say, in the straits of Hormuz—but in terms of our ability to withstand price volatility and price shocks.

I think I have gone on far too long—*[Interruption.]* As the hon. Member for Islington South and Finsbury (Emily Thornberry) says from a sedentary position, and I can agree with her—*[Interruption.]* Sorry, the hon. Member for Wallasey (Ms Eagle)—I was being barracked. I want to make a key point about the prospect of the move to a low-carbon economy providing us with a new type of economy that will be more resilient to shocks, will be jobs-rich and will provide genuine prosperity, employment and profit for British businesses, including opening up enormous opportunities in export markets. The framework that we have set out enables us to do that, and I commend the Budget to the House.

12.51 pm

Edward Miliband (Doncaster North) (Lab): May I start by congratulating the Secretary of State? He is by my reckoning the first Liberal to open a Budget debate in peacetime since 1914. That is a remarkable honour, which we should note today.

Chris Huhne: I am delighted to accept the right hon. Gentleman's commendation, but I should remind him that my right hon. Friend the Secretary of State for Business, Innovation and Skills opened the debate.

Edward Miliband: I do not want to be a pedant about this, but he was not the first speaker in the day's debate. That was the only point that I was making. The Secretary of State can accept my congratulations or not. I also want to congratulate him on something else. Today we have seen the completion of a remarkable political journey by the right hon. Gentleman. Remember the Liberal Democrat leadership election, Mr Deputy Speaker? He was the tribune of the left. He ran to the left of the current leader of the Liberal Democrat party. Today we heard the most remarkable political transformation from left-wing Liberal to Thatcherite. He could be the Reg Prentice of 2010. He could easily qualify as a Conservative candidate at the next election on the basis of the speech that we heard today.

There is a proud tradition here—Reg Prentice, Hartley Shawcross; maybe soon he will join those predecessors. But the problem for the right hon. Gentleman is that in order to complete this political journey, he has to engage in the most remarkable amount of doublespeak, which speaks to the heart of the traditions of liberalism. I

[Edward Miliband]

come to this House today to praise the traditions of liberalism; he comes to bury them. What is the legacy of John Maynard Keynes? *[Interruption.]* I know that the right hon. Gentleman does not want to hear it. John Maynard Keynes taught us about the dangers of fiscal austerity at a time of global downturn. This Budget pays no heed to those warnings.

What is the lesson of William Beveridge? It is the principles of social insurance and protecting the most needy. What is the legacy of David Lloyd George? In 1909, 101 years ago, David Lloyd George delivered the people's Budget. The people's Budget—I say this as a Labour Member of Parliament—was a remarkable example of showing that one could be fair at a time of fiscal challenge. Nobody could claim that Tuesday's Budget was anything like a people's Budget. So I am afraid I give up on the right hon. Gentleman, but there are some Liberal Democrats in the Chamber today, and of course the new tribune of the left is the hon. Member for Bermondsey and Old Southwark (Simon Hughes). I am afraid that we have to put our faith in him as far as this Budget is concerned, because we have to give up on the Secretary of State. *[Interruption.]* My hon. Friends say he is conning me. I think that we should give him a chance during this debate.

The Conservatives will vote for this Budget at the completion of the Budget debates on Tuesday because they vote for unfair, unjust, unequal Budgets. I say to Liberal Democrats in all candour that they have to make a judgment. If the Budget is akin to the people's Budget of 1909 and if it shows fairness at a time of fiscal austerity, they should by all means vote for it. But if it is a rerun of Lord Howe's Budget of 1981, they have a duty to vote against it. I know that power is tempting. The Secretary of State is in power and has been tempted by office, but there are Liberal Democrat Members who are not in office, and they need to examine their consciences between now and next Tuesday. They should ask themselves, "Is this what I came into politics for?" That is the argument that I shall develop in my speech.

Chris Huhne: I wish to nip in the bud any temptation for the right hon. Gentleman to make parallels between what my right hon. Friend the Chancellor has announced and what Lord Howe announced in the early 1980s. The right hon. Gentleman says that this Budget is worse, but if he looks at the fiscal tightening set out in the cyclically adjusted budget deficit in the Red Book, it is 0.5% of GDP. The right hon. Gentleman is too young to remember, but the Howe Budget was more than 2%. So this is a very different Budget. We are talking about something that allows growth to continue, and indeed safeguards growth, precisely because it takes us out of the firing line of the southern European crisis.

Edward Miliband: I am afraid I disagree with the right hon. Gentleman. The fiscal tightening may be less than the Howe Budget, but he has to look at overall conditions in the world economy. There is a reason why President Obama has written to G20 leaders ahead of the meeting this weekend to warn about the dangers of early exit from fiscal stimulus. President Obama is worried about the world economy. Of course one has to look at fiscal tightening, but one also has to look at conditions in the world economy.

Let me develop my argument. First, let us look at economic growth. There was an honest difference of opinion at the election about economic growth and how we could ensure that growth, which is the surest way of reducing the deficit, could be maintained. The Labour party was on one side of the argument. We said that growth should be maintained by maintaining spending this year. The Liberal Democrats—the Secretary of State admitted this—were also on our side of the argument, and the Conservatives were on the other side of the argument.

The Secretary of State made much play in his speech about Greece—the Greek defence as I called it last time. He said that everything had changed because of Greece. Has the right hon. Gentleman changed his position because he is now in power and must defend a Conservative Budget, or is his change of position genuine? If it is genuine, we should give him credit for that, but I am afraid I have to say to him in all candour that it cannot be a genuine change. Look at the facts. He made great play of the fact that Greek bond yields had gone up from 7% at the beginning of the election campaign to 12% on the day of the election. The question is not whether Greek bond yields went up but what was the impact on the UK. What happened to UK 10-year bond yields between those two dates? Ten-year bond yields went down during that time, so there is no evidence for his claim about contagion.

The right hon. Gentleman must face a hard and uncomfortable truth. I do not blame him for taking the chance of office that he was offered, but he must come clean with us and admit that he has had to accept a macro-economic strategy totally at odds with the one that he went into the election defending.

Chris Huhne *rose—*

Edward Miliband: I will give way to the right hon. Gentleman. Perhaps he will say that because he wants to do good things at the Department of Energy and Climate Change—I do not doubt his good intentions—it was worth paying the price of supporting a Budget that he would have opposed before the election. That is the reality of the situation.

Chris Huhne *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. May we have short interventions? The right hon. Gentleman has already made a speech, and there are a lot of Members to follow.

Chris Huhne: May I remind the right hon. Gentleman that the former Chancellor of the Exchequer said that the ice always looks most solid just before it cracks? The contagion affected other countries in Europe including, as I cited, Spain, which had a lower central Government debt to GDP ratio than ours, and it is irresponsible to suggest otherwise.

Edward Miliband: I would give the right hon. Gentleman more credit if he had been more explicit about all these dangers before the election.

Interestingly, the right hon. Gentleman has been sufficiently concerned about the public finances to put pen to paper. We should take at face value the concern

that he expressed at the start of the financial crisis in an interesting article in *The Guardian* titled "Cameron and Osborne are peddling skewed facts and scaremongering on public finances". He felt moved to open his article by writing:

> "You do not normally expect opposition politicians to leap to the defence of the government of the day, but there is an important national interest in doing so on the key issue of public finances. If David Cameron's view that the 'cupboard is bare' gains ground, not only will policymakers feel more constrained, but we will risk thinking and talking ourselves into a worse downturn."

He does not even have a blank record to defend, because his record is one of defending us on the public finances—*[Interruption.]* I do not want to take up too much time, but if he wants to explain away his article, I shall give way to him.

Chris Huhne: The right hon. Gentleman really has to take on board my case that while there was no evidence of contagion at the beginning of the election campaign, there was massive evidence by the end of it. I changed my mind when the facts changed. He has not done so, but he should not be proud of that.

Edward Miliband: No, at the end of the election campaign the right hon. Gentleman was offered the chance of office—and that is the sad truth of why he changed his mind.

Chris Huhne: The right hon. Gentleman recently accused me of not changing my mind because I wanted office when he suggested in a newspaper interview that our negotiating sessions with the Labour party showed that we had somehow become right wing because we were insisting on cuts in this financial year. He cannot have it both ways: either we accepted the cuts for opportunistic reasons because we wanted office; or we are saying that the facts have changed and we need to move the economy away from the risks of contagion from southern Europe.

Edward Miliband: The right hon. Gentleman's defence is becoming even more contorted—I am not sure that even I understand it now. I shall make some progress.

The real problem with the Budget in respect of economic growth is that it ignores the lessons of Keynes. The right hon. Gentleman is defending a Budget that, on the Chancellor's own figures, will reduce growth by 0.3% next year and lead to 100,000 fewer people in work not just this year, but next year, the year after and the year after that. Even that scenario is optimistic according to independent forecasters such as the Chartered Institute of Personnel and Development, which says that unemployment will go on rising, so there are real dangers in the Budget strategy.

A further problem with the Budget is that it has no plan for growth. The right hon. Gentleman waxed lyrical about green industries, but he can point to nothing in the Budget that will support the green industries of the future. The Liberal Democrats said at the election that they opposed cuts this year, but they are making not only the efficiency savings that the Conservative party promised at the election, but real cuts to regional development agencies, university places and Government support for industries of the future, the most outrageous example of which is the case of Sheffield Forgemasters.

During the debate on the Gracious Speech, I told the right hon. Gentleman that we would hold him to account on the Sheffield Forgemasters decision—and he will be held to account for it. I have to say to him in all honesty that the decision is short-sighted, damaging and wrong. The Labour Government approved a loan to Sheffield Forgemasters—not a grant, a loan. We had money from the European Investment Bank—those people do not throw money at problems when it is not required—and Westinghouse, which was going to order parts for the nuclear power stations that it wants to build in the UK, which will involve one of the only two reactor designs that we are going to have in the UK. The decision was therefore central not only to our economic strategy but to our green strategy. I know that the right hon. Gentleman does not like nuclear power, but prejudice against it will get us nowhere, either economically or in relation to the green industries of the future.

The grant to Sheffield Forgemasters would have given us the ability to make key components for the nuclear industry that currently have to be sourced from outside Britain, but the Government have turned their back on it. The Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry), who is in the Chamber, is an honourable guy whom I respect, because he supports nuclear power—that is slightly complicated given his Secretary of State—but during a debate on Tuesday, he said about Sheffield Forgemasters:

> "If one went to a bank and said, 'I need an overdraft because I want to give more money to charity,' the bank would question the wisdom of that approach."—[*Official Report*, 22 June 2010; Vol. 512, c. 26WH.]

Sheffield Forgemasters is not a charity. It has the potential to be at the centre of the green industrial revolution that our country needs. I have spoken to the management of Sheffield Forgemasters, the unions and people in Sheffield, so I know that they are bemused by the Government's decision.

I was the Minister who, along with Lord Mandelson, signed off the loan—it is not a grant—after we had looked at the arrangements over 18 months in government. It passed a whole set of value-for-money considerations, yet the Government have cut it off. I hope that the Secretary of State can force a reconsideration of the decision—

Chris Huhne *rose*—

Edward Miliband: I have given way to the right hon. Gentleman a number of times, but if he is going to say at the Dispatch Box that he will reconsider the decision, I shall give way, albeit more in hope than expectation.

Chris Huhne: Does the right hon. Gentleman really think that an appropriate use of public money would be to ensure that the major shareholders in Sheffield Forgemasters do not have to reduce their equity holdings below 51%? I do not think that it would be.

Edward Miliband: That is an extraordinary statement to make on the Floor of the House. A set of commercial negotiations was carried out with Sheffield Forgemasters. The decision was signed off by the permanent secretaries of DECC and the Department for Business, Innovation and Skills as a value-for-money loan, but now the right hon. Gentleman questions that.

[Edward Miliband]

The right hon. Gentleman's explanation is different from that offered by the Chief Secretary to the Treasury, who said that the loan represented value for money, but the Government did not have the money. The Secretary of State is not only wrong to oppose the loan, but confused about the reason why it is not being offered. I am afraid that the Government are hampering the green revolution that we need.

Toby Perkins: Does my right hon. Friend agree that the fact that a Liberal Democrat Chief Secretary to the Treasury came to the House to tell us the decision about Sheffield Forgemasters, and that a Liberal Democrat Secretary of State is supporting that decision today, is just another sign of how the Conservative Government are using the Liberal Democrats as a fig leaf, which will shame the leader of the Liberal Democrats in his Sheffield constituency?

Edward Miliband: My hon. Friend is completely right. He has experience of booting out Liberal Democrats locally—something that will happen in many constituencies at the next general election. It is blinkered short termism: that is the only way to describe what they have done.

What is the assessment of the Budget from a green point of view? Friends of the Earth says that the

"June Budget does little to suggest"

that the coalition will keep the

"promise to be the greenest Government ever."

That is not a very good start, but I want to reassure the Secretary of State by telling him that there is praise for the Budget from an unlikely quarter. Roger Helmer, a Conservative MEP and a well known climate change denier, quite likes the Budget and says:

"Green lobbyists are whingeing that 'this is the least green Budget for years'. Brilliant! Well done George. Maybe we've come to our senses".

I have to tell the Secretary of State that for the first Budget in which he was involved to have congratulations from Roger Helmer and condemnation from Friends of the Earth is not a very good start.

The second test we should apply to the Budget is that of fairness. Is it a fair Budget or not? Let us be clear: as well as going beyond the decisions that the Liberal Democrats advocated for the first year, the Budget goes well beyond the pace of deficit reduction that they recommended. To sustain the Secretary of State's argument, we are talking about not only cuts now, but a much faster timetable. He shakes his head, but the Institute for Fiscal Studies analysis published at the time of the election shows that the Liberal Democrats had set out exactly the same pace of deficit reduction in 2014-15 as we had, but this Budget goes beyond that, with £30 billion of extra cuts in spending and the rise in value added tax.

The question at the heart of the Budget debate over the past 48 hours is where do the cuts fall? Who bears the burden? That is the question that Lloyd George asked in this House years ago. The truth is becoming clearer: this is a regressive Budget, not a fair one. The Chancellor claimed in his speech that the Budget was fair, and I think it important to quote him exactly. These are not my words, but those of the Chancellor of the Exchequer. He said:

"Overall, everyone will pay something, but the people at the bottom of the income scale will pay proportionally less than the people at the top. It is a progressive Budget."—[*Official Report*, 22 June 2010; Vol. 512, c. 180.]

That is simply not the case. That was exposed yesterday by the IFS. When one looks at the Budget measures, one sees that it is regressive, not progressive. According to the IFS, as my hon. Friend the Member for Leeds West (Rachel Reeves) said, as a result of the measures in the Budget the poorest 10% will pay four times more as a proportion of their income than the richest. I repeat: four times more.

Matthew Hancock: Will the right hon. Gentleman give way?

Edward Miliband: I will give way to the hon. Gentleman in a minute, because as a former adviser to the Chancellor, he might be able to explain what is going on—but let me offer an explanation first.

What the Chancellor did was an extraordinary sleight of hand. He published in the Red Book figures that take credit for Labour's last Budget, which was progressive, and he combined the impact with that of his regressive Budget. Remember, this is a guy who claimed in his Budget speech that there was a renewed transparency and honesty in the Budget process. What he had done was exposed within hours by the IFS. I give way to his former adviser.

Matthew Hancock: I can certainly be more proud of having been an adviser to the current Chancellor than if I had been an adviser to the one who said that he had abolished boom and bust.

Following on from the right hon. Gentleman's misleading use of statistics, which are described by the OBR on page 93 of the Red Book as "misleading", does he agree with me that the IFS said that when all the Budget measures are taken into account, the impact is greatest on the richest 10%, not the poorest 10%, and that he is quoting partially?

Edward Miliband: I want to be generous to the hon. Gentleman, as a new Member of Parliament, but I fear that he has walked into the most enormous elephant trap. Let me read from the last page of the IFS handout:

"Treasury said that reforms to be implemented between now and 2012-13 progressive, but

—This is mainly because of reforms announced by the previous government

—They only look at reforms to 2012-13—benefit cuts announced yesterday for subsequent years hit the poorest hardest".

The IFS concludes:

"So likely that overall impact of yesterday's measures was regressive".

If the Chancellor wants to bring a new transparency and honesty to the debate, he cannot take credit for measures announced by my right hon. Friend the former Chancellor and say that they are somehow part of his Budget.

Chris Huhne *rose*—

Edward Miliband: The right hon. Gentleman is itching to get back in, but let us be clear. The Chancellor's words—the words a Chancellor uses in his Budget speech are a grave matter—were:

"It is a progressive Budget."—[*Official Report*, 22 June 2010; Vol. 512, c. 180.]

I cannot see how that can possibly be the case, but perhaps the right hon. Gentleman, in his newfound role of defending the Conservative party, can.

Chris Huhne: The reality is that it is perfectly legitimate for the Treasury to analyse pre-announced measures as well as the measures that are announced, because a new Government reverse measures that they do not like and confirm measures that they agree with. Look at, for example, the decision to freeze the threshold at which the higher rate of tax begins to be paid. Does the right hon. Gentleman support that measure? It will increase the progressive element by taking more tax from the best-off.

Edward Miliband: The doublespeak just gets worse. The Conservatives spend the election attacking the Labour Government for putting up national insurance contributions on employees, then they produce their own Budget which is regressive and unfair, then they realise that that will be pretty damaging for them, so they take credit for a measure that they used to attack. That cannot possibly make sense. The truth is that the Chancellor made a claim in his Budget speech that the Budget was progressive. The Institute for Fiscal Studies, to which the Chancellor referred in his Budget speech, has said clearly that if one looks at the measures announced in the Budget one sees that it is a regressive Budget—and not just regressive, but deeply regressive, because the poorest 10% pay three and a half times more than the richest 10%. However much they may twist and turn with the help of their new friend, the Secretary of State for Energy and Climate Change, who is auditioning to be a member of the Conservative party, it will not help them. People can smell it. People can see through the doublespeak.

Mr Mark Field (Cities of London and Westminster) (Con): The right hon. Gentleman has made a statement about national insurance that he knows does not tell anything like half the truth. Our objection always was to the employer's element—the jobs tax element—of the national insurance rises. It is that element that we have been very glad to put to one side, rather than the employee's element, to which he gives such undue prominence.

Edward Miliband: I have enormous respect for the hon. Gentleman, but he will have to do better than that.

Rachel Reeves: Can my right hon. Friend confirm that, in addition to what I said earlier about this Budget affecting the top decile by just 0.7% and the bottom decile by 2.6%, Labour's March Budget had an impact on the top decile of 7% and absolutely no impact at all on the income of the poorest decile? There is a different way of doing a Budget, and that was a progressive Budget.

Edward Miliband: My hon. Friend is right, of course. That is the difference between a Labour Budget and a Conservative Budget—

Joan Ruddock (Lewisham, Deptford) (Lab): And the Lib Dems.

Edward Miliband: I am coming to them in a minute. That has been the case historically, but the difference this time is that the Liberal Democrats are faced with a choice. The hon. Member for Bermondsey and Old Southwark—someone I respect; a person of good conscience who came into politics to make our country fairer—has a big decision to make. He is not going to fall for the stuff we have heard from the Secretary of State for Energy and Climate Change, trying to explain away the Budget.

The hon. Member for Bermondsey and Old Southwark knows an unfair Budget when he sees one, so he has a decision to make in the coming days. He has an honourable path to take. He can say, "Up with this I will not put." That is what Liberal Democrats throughout the country will expect him to do. Maybe he will defeat the Budget, maybe he will get the Government to rethink parts of it, but he could lead a movement, not just of Liberal Democrats in the House but of Liberal Democrats outside the House who will join him. He did not come into politics to put up VAT or to freeze child benefit. He campaigned against the freeze in child benefit in the 1980s under Mrs Thatcher. He did not come into politics to abolish the health in pregnancy grant. He did not come into politics to do those things, and he is not in office. He does not face the choice of resignation: he faces the choice of how to vote. In all candour I say to him that he wanted a Lib-Lab alliance after the last general election because he knew what would happen otherwise. He saw it in the runes. He saw where things would go, and he was proved right. But now he faces the ultimate choice in politics, which is between principle and expediency—and he should follow principle.

Ian Swales: Yesterday *The Independent* described the Budget as a social democratic Budget. I came into politics via the Social Democratic party, and I am very happy with the Budget.

Edward Miliband: The hon. Gentleman should not believe everything that he reads in *The Independent*. I say in all seriousness to him that, as we saw, the presentation from the Chancellor was that this was a fair Budget, and for a few hours it fooled some people, who thought that perhaps it was fair. But that has been completely exposed and blown apart by the Institute for Fiscal Studies. The Secretary of State shakes his head, but we all know what he would be doing if the Budget had been presented and he was not in government. He would be railing against it with his great eloquence. He would be talking about what he came into politics for: his belief in fairness.

One of the central arguments of the leader of the Liberal Democrats at the election was that the poorest people in our society paid too much in tax and the richest paid too little in tax. That was the central and powerful claim made by the Liberal Democrats at the election. The question one must ask is: what happens as a result of the Budget? It makes the situation worse. How can the hon. Member for Bermondsey and Old Southwark possibly vote for that? This is not a Budget that he can in all conscience support.

[Edward Miliband]

The Budget does not help to lay the foundations for economic growth and it is not fair. It also attacks some of the most important things that we have in this country to help the poorest families, such as tax credits. The Chancellor said in his Budget speech that he would reduce payments to families earning over £40,000 next year, but we learn from the Red Book that the cuts are for those earning over £25,000 a year—not well-off families.

What about fairness? How have the banks fared as a result of the Budget? The banks were a big target for the Liberal Democrats during the election campaign. *[Interruption.]* The hon. Gentleman shouts "Bank levy". Perhaps this is the saving grace for the hon. Gentleman. Perhaps that is something that he can cling on to. It is interesting, because that is starting to unravel too. There was much trumpeting of the bank levy in the Budget as a fairness measure. But the reality is that the corporation tax cut from 28% to 24% will help every bank in the country. HSBC's banking analysts say:

"We'd expect most domestically-orientated banks…to be better off after four years than they were pre-Budget."

When the measures are taken together, the banks are not worse off but better off—another shred of credibility for the Budget destroyed. Deutsche Bank says that it is a good outcome for the banks. It is plain to see who bears the burden. This is not a Lloyd George Budget; it is a repeat of the unfair, unequal, unjust Tory Budgets of the past.

I end on a point about trust and credibility. The Liberal Democrats said that there should be no spending cuts this year; now they support them. They said that they supported our four-year deficit reduction plan; now they do not. They said that there should be no VAT rise; now they support it. They said that there should be protection for young people through the future jobs fund; now they support its abolition.

It takes a long time to establish an honourable political tradition, but it takes a very short time to destroy it. This is a week of judgment for the Government, but in particular it is a week of judgment for the Liberal Democrats. I say to them very clearly that they should exercise their conscience and be willing to oppose the Budget. The question that the hon. Gentleman and his colleagues need to consider this weekend is whether they are still the party of Keynes, Beveridge and Lloyd George. We all know that those three men would turn in their graves at the idea that the inheritors of the liberal tradition were supporting this Budget.

Today, Liberal Democrats face the ultimate choice between power and principle. They did not come into politics to raise VAT, freeze child benefit or do all those other things. No doubt they think that voting against the Budget would truly make them turkeys voting for Christmas. The opposite is true. If they vote for the Budget it will bring unfairness and injustice to the people whom they claim to represent. It will go against everything that they have claimed to stand for, and it will destroy for ever their claim to be a progressive alternative. That is why they should vote down this unfair, unjust Tory Budget that will damage our economy and divide our society. That is why they should join us in the No Lobby to vote down the Budget next week.

1.26 pm

Simon Hughes (Bermondsey and Old Southwark) (LD): I am happy to take part in what is clearly an important debate, in which we are invoking the spirits of forebears of mine, of ours, whom I pray in aid as part of the traditions to which I belong. Lloyd George, Keynes and Beveridge are indeed part of the family of progressive liberals, of whom I regard myself as a modest inheritor.

The most important thing that was announced in the area of energy and climate change and environmental policy, the specific theme of today's debate, was the green investment bank. It had been a Labour party commitment, and the Conservative party and Liberal Democrats were clear that it should be invented, created and got up and running. It is absolutely central to this Parliament's strategy that we set up that bank in the near future. It must not be a modest little invention hidden away in a corner; it must be a central part of the new stage of the British economy and it must draw on money from the private sector, which will be used for projects that would not otherwise be funded. But it must also help us to invest in the new generation of green jobs that will make us again the country that can export our manufacturing abilities and the success of the world. For the last 25 years, we have slipped back in manufacturing and exports in these areas and have relied too much on the City, on finance and on banking. That is not enough to sustain a modern economy, and it is not enough to change the environmental way in which we do our business and honour our international obligations.

The second specific area that was much discussed when I shadowed the right hon. Member for Doncaster North (Edward Miliband) and my neighbour the right hon. Member for Lewisham, Deptford (Joan Ruddock) was how to ensure that households and individuals play their part. The Labour party started that process and I pay credit to the right hon. Lady and her right hon. Friend for beginning to ensure that we make households energy efficient, reduce bills, insulate homes properly, protect the vulnerable, and so on. But the scheme was never big enough; it was always a set of schemes that were confusing and lacking in coherence. The phrase "Green Deal" comes from the Conservative manifesto, but the idea comes from both manifestos. That we have a green deal for households must also be a central part of the Government's strategy. We need to ensure that the new housing that is built and the housing that needs to be renovated and improved give us the safe, warm and pleasant housing that we need. My right hon. Friend the Secretary of State knows as well as anybody else, because he was the architect of the policy in our party a mere three years ago for a carbon neutral Britain, that the crucial area here is to ensure that the poor and the vulnerable are protected first, and that the people who spend a huge amount of their money on fuel when they cannot afford it are given the help that they need. One of the criticisms that I must repeat of the Labour Government, which I made when they were in office, is that when it came to helping the fuel poor—those who pay more than 10p in the pound of their income on fuel—they sadly failed. They tried, and I do not doubt their integrity in trying, but they failed, and we have to do better than that. We have to ensure that single people on their own, who make up 40% of

households, and those with families do not have the ridiculous, out-of-control bills that they had; that we save the fuel and reduce the energy that we need as a country; and that we reduce our climate change liability.

Dr Whitehead: Does the hon. Gentleman agree that, if a programme such as that which he envisages is to have any real traction, there is an absolute imperative to defend and increase the almost £200 million that was set aside for the insulation of hard-to-treat homes and social housing? Will he put that in his book as a red line on Government investment in the energy efficiency uprating of social housing? If that investment does not appear, will he publicly underline his opposition to energy efficiency improvement methods that are not underwritten properly by Government funding?

Simon Hughes: The hon. Gentleman has a good, honourable and knowledgeable track record on the issue, and, as he would expect, in this Parliament I have already met the Housing Minister, the Secretary of State for Communities and Local Government and my friend the Secretary of State for Business, Innovation and Skills to ensure that those points are made. We are just beginning the debate about where the spending cuts must be made, and a coalition of Members needs to put the case for retaining that expenditure which is necessary to pump-prime, drive and incentivise the housing stock change that we clearly need. The other central point, on which the Government have made a commitment, is to introduce the power of general competence to local councils, so that they have much more flexibility over how they address such issues.

Thirdly, on the green agenda, I note the comments that my right hon. Friend the Secretary of State for Energy and Climate Change made about the carbon price, and we await with interest the publication of the proposals to reform the climate change levy. However, I remind him that we ought to reconsider introducing the emissions performance standard, which both our parties were willing to do. Labour resisted it, but I hope that it gets back on the agenda as a way of ensuring that we make progress not just in our country, but throughout Europe.

Fourthly, and more controversially, there is nuclear power, to which the Budget referred not specifically, but indirectly in relation to Sheffield Forgemasters. I made my position clear about nuclear power before the election, and when the initial announcement was made about the Sheffield Forgemasters loan, and I have always believed that the nuclear industry will not have a viable future unless it receives public subsidy. I have never had a theological opposition to nuclear power. I believed that it was the wrong answer, contributing too little to emissions reduction and to the country's power needs, but in that context the Sheffield Forgemasters loan was inconsistent with a policy of not subsidising the nuclear power industry.

The announcement is difficult for Sheffield and for south Yorkshire, but we have to have a policy that applies from the beginning to the end, and we have to be tough on that. In reality, other countries such as Germany have now introduced a tax on nuclear power stations to make up for the fact that the industry benefits from a carbon price but does not pay for the clean-up of the legacy nuclear waste. There must be economic realism in the nuclear industry. That has been our position, and it has been accommodated in our parties' agreement.

There is another matter on which I have lobbied the Government but not yet seen anything emerge, and if it could be dealt with in the ministerial winding-up speech that would be helpful. It is about helping with biodiesel that is made from recycled vegetable oil. I declare two interests: I drive a vehicle that uses it; and there is a firm in my constituency from which I purchase it, and which in turn takes it from firms locally. It is a good and environmental product, but the financial incentives for biofuels do not yet encourage the industry to grow. It is an industry of small businesses, it ought to be incentivised but the Treasury loses out because of the wrong incentives as well as inadequate incentives for the sector. I hope that that issue will be looked at, and that we might introduce an amendment to the Finance Bill in order to pick up on that individual and ring-fenced item.

On the Budget as a whole, the right hon. Member for Doncaster North rightly said that I had always assumed that the more natural coalition, had it been achievable, would have been between the Labour party and ourselves. There is no secret about that, but in the end it proved undeliverable on two counts: first, the numbers did not add up, and this country needed a secure, majority Government; and, secondly, the Labour party was not willing to move on key issues. They included political and electoral reform and a fairer taxation system—in particular, taking people on low incomes out of tax.

The measures that commend the Budget are specifically items that were in the Liberal Democrat manifesto, on which I did fight the election. They include, first, linking pensions with earnings. The link was broken by Mrs Thatcher and never reintroduced by Labour, but its restoration next year was committed to in this Budget. Secondly, there is the measure on taking people who have an income of less than £10,000 out of tax gradually, the first wave of which was introduced in the Budget, and which matters not to the absolutely poorest who have no incomes, but specifically to pensioners and working people who have a small income. Thirdly, there is the measure on increasing capital gains tax, because we believe that it should be set at the same level as income tax. There has been a debate among Government Members on that issue, and there is a difference in view, but there has been a move in that direction, which I applaud and recognise.

Toby Perkins: I congratulate the hon. Gentleman on his appointment as the deputy leader of the Liberal Democrats, but I fear it strangely apposite that at the moment he sits all alone on the Liberal Democrat Benches. If he feels that this is a coalition Budget, will he explain how much worse it would have been for the poorest people without the influence of the Liberal Democrats?

Simon Hughes: I am, and always have been, very clear about that issue. When it was obvious that there was no possibility of a coalition with the Labour party, we had the option either of letting the Conservatives become a minority Government or of being in coalition with them. I am very clear that it was better for the country and for the issues that matter to me that we were part of the Government—that we were influencing matters and

[Simon Hughes]

ensuring that there was a shared programme, not a Conservative programme. I say that completely honestly, and the hon. Gentleman, with a constituency that is in some ways not dissimilar to mine, would expect as much. I have made it my business to battle for the people whom I represent in order to ensure that we end up with a fairer Budget, and a fairer Britain as the outcome. The election, the Budget and the next exercise, the spending cuts, must all be judged on whether we end up with a fairer Britain.

Let me therefore address the remaining issues that follow from that. There has been some press speculation that, because certain items are expensive, they are unaffordable and should be dropped. They include items for the poor, such as the freedom pass and the winter fuel allowance. There is no issue between me and my friends on the Treasury Bench, but the coalition deal is a deal and what has been agreed must stand. There cannot be any unpicking of items in that deal, otherwise the whole thing risks falling apart. There is no suggestion of that from the Government; there is a suggestion from outside the Chamber of changes. However, the deal must be that we go down the committed road. We signed up and the Conservative party signed up, all compromising where appropriate, and that must stand. If there were any suggestion that it change, there would be trouble. I do not think that it will change, because I have heard nothing from colleagues in government suggesting that they want it to, but let us be clear from the beginning: it is a deal, and if it is stuck to, it will last the five years.

I turn to yesterday's Institute for Fiscal Studies report. The IFS is a respected organisation. It made clear that the Budget as a whole increases fairness, but that if it excluded the matters that were implemented by the Labour Government in the Budget earlier this year it would not be. However, the Budget does not exclude them; it has endorsed and continued them. The right hon. Member for Doncaster North and I know each other well, but the Government have continued with those elements that the previous Labour Chancellor introduced in the routine Budget earlier this year.

Helen Goodman (Bishop Auckland) (Lab): Are you taking credit for it?

Simon Hughes: No, we are not taking credit for it—we are just making sure that we look together at the measures that this country has as its tax regime in the coming days and months.

On that basis, this is a Budget that produces greater fairness. There is difficulty in reaching the people at the very bottom end of the income scale who are not in work, and there are other difficult areas. However, my right hon. Friend the Chief Secretary and my hon. Friend the Member for Thornbury and Yate (Steve Webb), the Pensions Minister, who come from a proud tradition of knowing these issues well and campaigning for the poor and the disadvantaged, would not have signed up to something that undermines all the sorts of campaigns that they have been fighting for.

There remains the issue of VAT. I did not want a Budget with a VAT increase, nor did the Conservative party, and nor did the Labour party. I have no idea what was the view of some people in the Tory party behind the scenes, but there was a rumour that they would think it was a good thing. That is why, during the election campaign, we said that we thought it was a bad thing and challenged them to agree with us. Nevertheless, none of us ruled it out. I wish it were not here, as it is clearly less progressive than other taxes where people pay on the basis of income, but it is a necessary measure given that we have to fill the huge debt that the Labour party has left us.

We will vote for the Budget next week. However, if there are measures in the Finance Bill whereby we can improve fairness and make for a fairer Britain, then we will table amendments to try to do that. That is where we can make the difference, as we will during the spending review that will follow in the months ahead.

1.41 pm

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I have seldom been so disappointed with a speech by the hon. Member for Bermondsey and Old Southwark (Simon Hughes) as with the one that we have just heard. I suspect that he will find life even more uncomfortable as time goes on. Having listened to the speech by the Secretary of State, and then heard the support offered by the hon. Gentleman, it seemed to me that many Liberal Democrat supporters will be thinking that this must be the biggest conversion since the Chinese general baptised a whole army with a hosepipe. We have had a whole election campaign in which many of the things commended today by Government Members were not only blatantly opposed by Liberal Democrats, but disowned.

I have had the privilege of serving for many years in the constituency in Lanarkshire that I represent, where my next-door neighbour was the late John Smith. More than once, he said to me, "You know, I judge a Budget on the impact I think it has on ordinary young men and young women, with all their aspirations, living in a council house in Lanarkshire." It is on that test that I make my views clear.

We have heard today a defence of a Budget that is thoroughly unfair and absolutely vindictive towards a large number of people in this country, region by region, not least those in my own constituency. I am not at all surprised that the Conservatives have supported what is a Tory Budget; it is the kind of Budget that they have always wanted to introduce, with or without a global crisis. However, I have to say that the apologies from the Liberal Democrats are profoundly unconvincing, as they have shown again today. As Jeremy Thorpe might have said, "Greater love than this no man has—that he laid down his principles to save his Mondeo and his red box."

I have to tell Government Members frankly that their claims for this already discredited Budget stand in stark contrast to the consequences for my constituents in Coatbridge, Chryston and Bellshill. For several years before the election, and then again during it, the Conservatives talked about "a broken Britain", but no Budget has done more to introduce a broken Britain than this one. The most vulnerable have been attacked, with housing benefit cut, child benefit frozen, the health in pregnancy grant scrapped, and the maternity grant slashed—and we are told that this is a fair Budget.

Then we come to what I would regard as perhaps the most appalling aspect of this Budget—the increases in VAT, hugely painful because they are clearly regressive. A 2008 report by the Institute for Fiscal Studies demonstrated that cuts in VAT benefit the poorest 10% most, while increases hit them hardest. That is why during the election the Tories were particularly ambiguous on this specific issue, although I have no doubt that they had this policy in mind all the time. To be fair to the Liberal Democrats, they did warn us—for example, by unveiling a poster showing a "VAT bombshell", with their leader standing beside it. What we got on Tuesday was a Trojan horse with their leader and his friends standing inside it.

We are told that we are all in this together—that this Budget is indeed fair. I invite the House, then, to contemplate for a few moments what it means for a constituency like mine. In Coatbridge, Chryston and Bellshill, the average wage of those in work is £18,000. Unemployment stands at 7.4%—lower than in 1997, but clearly unacceptable. Let us look at Tatton, the Chancellor's constituency. The average wage is over £25,000, and unemployment stands at 2.9%. In Twickenham, the Business Secretary's constituency, the average wage is over £33,000, and unemployment stands at 2.5%. Yet this Budget is being applied to the whole nation.

Of course there is a crisis, as recognised most recently in the letter that President Obama sent to those involved in the G20. However, the words that he repeatedly used about investment, about real fairness—and, above all, about growth—were hardly reflected in the Budget that we are asked to approve. More sustainable ways to reduce the deficit clearly apply to the growth that President Obama has promoted and that, along with progressive taxation, Labour Members strongly support.

I can see that for the Tories this is a matter of ideology. They do not like the public sector: they have made no bones about that. The public sector provides education, excellent services from the police, and infrastructure for providing new jobs—and, my heavens, we will need them after this Budget. How can they possibly argue that this Budget will not lead to unemployment? We need to build more schools. We need to make more industrial parks available, hoping to invite inward investment, via the regional authorities, and making more money available so that the Government are creating the environment by which jobs can be provided.

Kwasi Kwarteng (Spelthorne) (Con): What does the right hon. Gentleman think about the remarks written down by his party's former Chief Secretary to the Treasury, the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), who said, I believe, "There is no more money"?

Mr Clarke: I had assumed that the hon. Gentleman had a better sense of humour. It was clear to the whole country that it was a joke, so I do not regard that as being a serious point.

The Government blame the public sector for the recession, but what about the banks? *[Interruption.]* We must ask that question. My right hon. Friend the Member for Doncaster North (Edward Miliband) dealt at some length with how we have approached that important matter. While the Government have been hammering away at the poorest people in the poorest parts of our country, they have treated the banks with a feather duster. They have hardly responded to the problems that the banks themselves created, and no Member on their Benches can defend that.

Rachel Reeves: Does my right hon. Friend agree that it does not seem fair that the welfare bill will be cut by £11 billion, but we are asking the banks to contribute only an extra £2.4 billion?

Mr Clarke: Absolutely—that is an excellent point. Indeed, I wish now to compare the Budget's response to local government, and to people applying for disability living allowance, with the way in which the Government have treated the banks. They have certainly not done so in a way of which my constituents, or the disability and local government organisations that I know of, would approve.

What the Government have done to local government is to cut, cut and cut again. They have offered the public a freeze in council tax but failed to explain that the services that they and the House have imposed upon local authorities cannot possibly be carried out without other services being slashed, including social services and social work for the most needy. That is clearly missing from the thoughts of coalition Members. I invite them to compare that with their approach to the banks, which I was heckled for mentioning.

What about those who seek to live on DLA? We are told that one by one, they are going to be recalled and re-examined. I was a Member of the House in the early 1980s when we had that version of Thatcherism, and I want never again to see men who have worked in the mining industry, and who have to be helped into my surgeries because they can hardly breathe, being cut off from benefit because they are told that they can walk 50 yards. If that is the type of policy that the so-called coalition Government are planning, which I believe it is, they can expect the utmost opposition.

At a time when there is a clear demand for housing, what the Government have done to housing support is simply disgraceful. I say that as somebody who was in local government before coming to the House. Even the *Evening Standard* had to point out last night that because of the Government's approach to housing benefit, more poor people would be made homeless. I predict that local councils faced with the financial challenges that that represents will build fewer and fewer social houses, which the Liberal Democrats told us before the election were one of the important issues for them.

Matthew Hancock: Will the right hon. Gentleman give way?

Mr Clarke: I will not, because I know others want to speak. I wish to conclude now for that very reason—many hon. Members wish to speak about the situation in their constituencies and the Budget's impact on ordinary people and communities. They want to do so partly because we have seen this situation before—not in this generation, but certainly in the 1930s and the '80s, and we do not want to see it again.

This is a regressive and dangerous Budget that will hit the poor hardest. Yesterday, my hon. Friend the Member for Derby North (Chris Williamson) referred to Orwell's "Animal Farm", and I wish to conclude by quoting some words from that work:

"Twelve voices"

[Mr Tom Clarke]

—I look at the mixture of Liberal Democrats and Conservatives on the Government Benches—

"were shouting in anger, and they were all alike…The creatures outside looked from pig to man, and from man to pig, and from pig to man again; but already it was impossible to say which was which."

But the British people can see through that.

1.54 pm

Michael Fallon (Sevenoaks) (Con): It is always a pleasure to follow the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke), but he will not be surprised that I cannot agree with his analysis. I wish to make two specific comments to him. First, he spoke passionately on behalf of the poorest people in his constituency, but I cannot see how one helps the poorest and those out of work in Coatbridge by messing up the public finances and producing spending plans that are unaffordable and cannot be carried through. Making promises of that kind does the poor no favours.

Secondly, I disagree with the right hon. Gentleman's accusation that we take pleasure in the measures that were announced on Tuesday. There are many things in the Budget that I do not take pleasure from, and many spending cuts are coming that Members in all parts of the House will probably wish had not been made. There are certainly tax increases in the pipeline that we would not have wished for. However, many of the decisions that the Chancellor has taken were simply unavoidable because of the mess that we have inherited. We take no pleasure in the judgments that have had to be made.

It is heartening to Members on the Government side of the House, after so many years of hubris, boasting and declaration, to have a Budget that is so clear, honest and straightforward. Even if the right hon. Gentleman disagrees with the measures in it, it sets them out clearly and simply. It is refreshing to have a Budget that takes the longer view—a Budget for a whole Parliament. It is good to know now the structure of the measures in it, unpopular and unpalatable as some of them are to Members on our side of the House as well as his, and that if those decisions are carried through, the current structural deficit will be closed by the end of this Parliament.

It is refreshing also to have a Government who face up to a situation that has deteriorated rapidly, as we have seen in the eurozone. There is no exact parallel between our deficit and that of Greece, or between our debt and that of Spain, but there was a parallel between the Labour Government and the Governments of Greece and Spain in that all of them ignored successive warnings. They were all warned by the International Monetary Fund, the OECD and the European Commission to start putting their public finances in order, and they ignored those warnings. That is why we have had to be confronted with a second Budget in a year—an emergency Budget that puts right the weaknesses that have been identified.

Mr Tom Clarke: When the hon. Gentleman makes comparisons with other countries, will he bear in mind that we in Britain are not in the euro? Will he also, as he did when he was on the Treasury Committee, recognise that there is a big difference between short and long-term debt, and that that matters?

Michael Fallon: I accept both those points, and I am not drawing exact parallels with Greece and Spain. I am making the much more general point that when a country is warned by all the international agencies and commentators, and depends on the international markets to finance its accelerated borrowing, it has to listen to those warnings. That is why we are now confronted with a second Budget in three months.

The Budget is to be welcomed because the pain is quite clearly shared. We can of course argue about its relative impact on various deciles and so on, and we have had that argument. We can also discuss whether we should include the measures taken in earlier Budgets or just consider this Budget itself. What cannot be argued about, however, is that the pain is spread across all income groups and sectors. My constituents will bear some of that pain, just as the right hon. Gentleman's constituents will in Coatbridge.

Let us be clear about some of the spending cuts that will ensue: they are legacy cuts; in the end, they are Labour's cuts. We discovered that some of the spending promises made in January would, shockingly, have been financed from the reserve, which was set aside to ensure that our troops in Afghanistan would be properly financed if new need arose there for equipment and so on. It would have been raided to finance the extra spending commitments that were announced in the pre-election rush. The plain fact is that the spending was unfunded. We cannot continue to spend £700 billion and raise only £545 billion in taxes. That gap must be bridged and the Budget, for the first time in a series of Budgets, sets out a credible path for achieving that.

I am pleased that, when the Chancellor considered the make-up of those spending totals, he decided not to cut the capital spending programme further. That is important. Clearly, there are implications for jobs, and the capital spending totals were already being halved from their peak. There are explanations for that, but it was right not to cut them further.

I note that when the Chancellor reviewed the capital spending programme and future capital spending commitments, he was careful to preserve some of the commitments for key infrastructure projects in, for example, the northern cities. It is not true that the Budget hits Scotland, Lanarkshire or the north harder than other parts of the country. The dualling of the A21, for which we have long campaigned in Kent, was one of the first casualties of the spending review. Long-cherished projects in the south-east, too, are being further postponed. The pain is being spread across the country. That should be borne in mind when particular decisions, such as the loan to Sheffield Forgemasters, are considered.

I want to make three further comments about the Budget judgment. First, I assume—obviously, I must await the completion of the spending review—that there will be further contributions from annually managed expenditure. I assume that, as well as the decisions that have already been made—I accept that Labour Members may oppose them—about housing benefit and some of the other grants that have been mentioned, there will be more changes through some of the welfare reforms that my right hon. Friend the Secretary of State for Work and Pensions and his team are considering.

Secondly, I hope that, when an element of spending is protected, it will not be wholly insulated from the same downward pressures that we apply elsewhere to reducing

management, eliminating unnecessary bureaucracy and focusing more spending on the front line. That must apply equally to health and international development as to other matters. Otherwise, in two, three or four years, those who happen to work in the health service will end up being better rewarded than those who have chosen to work in the education service or the police service. That would not be right.

Thirdly, I want to say a little more about the proposed freezes. There are freezes on public sector pay, child benefit and council tax. The reasons for them are all too obvious: the private sector has had to accept a huge measure of freezing—I pay tribute to trade unions in the private sector for the extent to which they accepted the necessary restraint on pay and the changes in working practices that had to follow in the teeth of one of the worst recessions we have had to face. It is therefore right that, as well as freezing pay, we should continue to consider the greater flexibilities that we need, and equity between the private and public sectors. Working practices, various entitlements and inherited rights should also be examined. It is not simply a question of freezing pay for two years and exposing public services to some of the problems that we have experienced in the past with incomes policy, when there is immediate demand for catch-up, immediate pressure for comparability and so on. While the freezes are in place, it is important to continue the search for radical reform, which helps restructure those services. That should apply across the public sector, where we have frozen pay and in local government, where we will freeze council tax. We must continue the drive for more efficient services, and shared services between councils.

The principle may also apply to some of the frozen benefits, such as child benefit, where freezing the benefit does not wholly tackle some of the inherent difficulties with universal benefits—the deadweight cost that is expended on those who are well able to afford to bring up their children but are entitled to exactly the same amount of child benefit as those much further down the income scale. Those issues need to be addressed while the benefits are frozen.

As we rebalance the economy away from the expansion in the public sector to encouraging the private sector to grow again—I welcome the enterprise measures in the Budget—it is enormously important to continue to focus effort on reskilling and ensuring that those who have to change their jobs and seek the new opportunities that are being provided have the necessary skills to alter their position in the labour market. We must get alternative training providers in alongside jobcentres and existing services.

Labour Members have described the Budget as a gamble. It is not a gamble, but a necessary judgment to restore the public finances and get our economy growing again in a way that provides the jobs of the future. We are in politics to make such judgments, and I am delighted that my right hon. Friend the Chancellor has set out his judgment so honestly in the Budget that I support.

2.7 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): In my speech today, I will examine several different issues of Welsh, UK and international significance, noting the impact of the new Budget on the Welsh economy and Welsh families and communities. However, I begin by asking whether the Budget was even necessary, never mind whether it deserves the billing of an "emergency Budget." It was clearly a political and ideological Budget, designed to shrink the state, and not one that was economically needed.

Indeed, even the *Financial Times* columnist, Sam Brittan, called it a "totally unnecessary budget" in his column of 18 June. We already had figures from the March Budget from the new Office for Budget Responsibility, and we all knew that the major announcements are actually the cuts that will be announced in October in the comprehensive spending review.

On Tuesday, the UK Government confirmed that, except for health and overseas aid, departmental budgets are to be cut by 25% during this Parliament. If we map that level of cuts on the position in Wales, around 60,000 public sector jobs are at risk—15,000 more than the 45,000 job cuts planned by Labour in March. Indeed, based on today's *Financial Times* figures, 65,000 public sector jobs are in danger in my country. That is very worrying for many families in Wales, and we believe that it is unnecessary and avoidable.

Clearly, the national debt and deficit must be tackled, but there is a question of timing, and I cannot believe that increasing the cuts in this way and at this time is in any way beneficial to the people of Wales. However, the implementation of the recommendations of the Holtham commission on funding and finance in Wales would be beneficial. A major plank of that was the recommendation that a floor of 114% of English spend be implemented immediately, to ensure that Wales does not lose out further under the Barnett formula.

Plaid Cymru is not alone in calling for that. Government Members may recall that the Liberal Democrat leader in Wales said on 7 June 2009 that

"the Westminster Government should act immediately"

in introducing a floor. That £300 million a year would save around 9,000 public sector jobs in Wales, but would be only the first step on the way to the fairer, needs-based formula that we need. It is therefore disappointing that all this has been put on the back burner. With so much work on the issue contributed by Gerry Holtham and his team, as well as three other independent reports, I cannot see the need for an additional commission after a successful referendum on further powers for the National Assembly.

There were other areas where the new Budget is both tough and unfair. The most important are the cuts in the welfare budget, to the tune of £11 billion in coming years. As figures in the *Financial Times* showed, any cuts in welfare or the public sector hurt areas that are already in need of more. The change from upgrading benefits according to retail prices index inflation to upgrading them according to the consumer prices index will mean a lower rate of benefit growth than before, as well as a stealth saving. Having worked for Citizens Advice Cymru, I can tell hon. Members that people who rely on benefits will struggle because of those changes, and we are talking about real people and families on low incomes, not the "welfare scroungers" that the political right like to caricature.

Specifically, the proposals to lower the number of people on disability living allowance are a cause for concern. In Wales, more than 240,000 people are on

[Jonathan Edwards]

DLA. Having seen the impact of tribunals and stricter qualification criteria on other benefits, we have concerns about how the new changes to eligibility will be implemented and who will make the final decision. What appeals system will be in place, for example? We and disability groups support getting people into work. That is a good thing, but when such schemes are suggested, especially in such a manner and in such a Budget, there is a wider concern that they are just a means for getting people off benefits, rather than supporting them back into work.

I must also say that, in many parts of the UK, even if people are able to work, they cannot. Some parts of my country have very few jobs available, with between 10 and 15 registered jobseeker's allowance claimants for each advertised job, and that is even before adding people who are switched from disability benefits. It is the same with parents of young children going back to work. If the work is not available and we are forced into making savage cuts in the public sector, how are those people to find work?

However, there are some steps in the Budget that we welcome. There was a recognition that Wales and other parts of the UK have not shared in economic growth in the past and that a level playing field is required. Quite how Labour managed to create or accept a situation where only one private sector job was created in the north or midlands of England, but 10 were created in London, is beyond me. That shows Labour's failure of imagination in growing or developing a balanced economy. However, the Conservatives' proposal to allow a national insurance holiday is hardly likely to correct the years of economic centralisation in London and the south-east of England, or rebalance the economy geographically.

A more far-reaching idea might be the regionalisation of corporation tax according to gross value added. That would give the poorest nations and regions a competitive advantage. In west Wales and the valleys—the areas that I represent—GVA is only 64% of the UK average, so additional assistance to equalise that across the UK would be warmly welcomed. Another avenue might be the devolution of that tax, so that the Welsh Government could make their own decisions, within EU regulations. Bolder moves to develop the Welsh economy are needed than those given in the Budget. The route map for economic renewal, to be launched in a few weeks' time by Welsh Deputy First Minister Ieuan Wyn Jones, will provide more nuanced, Welsh solutions.

Changes that bring about real-terms cuts in benefits and public sector pay freezes punish those who had nothing to do with the economic mess created by the banks. The general public will contribute £13 billion extra towards the deficit through the VAT hike. The bankers will pay a measly £2 billion a year through a levy, yet still see huge benefits in shifting their profits from income tax to capital gains tax. The levy is not only small; it is being introduced only gradually. The banks will not be squealing as a result of this Budget, as the cuts in corporation tax will compensate for the levy. Considering that the Public and Commercial Services Union estimates that there is £123 billion of uncollected tax, far from demonising vulnerable people struggling to get by, would it not be better if the Government targeted the super-rich for their tax avoidance and evasion? Instead, cuts to Her Majesty's Revenue and Customs staff will reduce capacity to collect due tax from those intent on not paying their fair share.

There were elements of the Budget that must be welcomed, not least the increase by £1,000 of the level at which income tax is paid by basic rate taxpayers, a Plaid Cymru policy at the general election.

However, a further disappointment for my country in this Budget is that although confirmation was given of other transport schemes in England, the electrification of the Great Western line was noticeable by its absence. I do not need to remind you, Mr Deputy Speaker, that Wales ranks alongside Albania and Moldova at the bottom of the electrified rail track league table. Without a concrete timetable for either electrification of the Great Western line or the creation of a high speed rail link to south Wales and north Wales, we will languish there much longer.

Far from all of us being in this together, the emergency Budget aimed its axe at the poorest and the most disadvantaged communities, while being more or less "business as usual" for the economic elite.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. As hon. Members will have recognised, we have a 12-minute limit, and I am grateful to everybody for observing that. I am sure that the House will also want to observe the conventions associated with maiden speeches.

2.16 pm

Karen Bradley (Staffordshire Moorlands) (Con): It is an honour to address this House for the first time today. It is an equal honour to do so as the Member for Staffordshire Moorlands. I could easily use up all the time available in praising my beautiful constituency, and although I shall resist doing so, as there are pressing matters facing the House, I make no apology for my pride in representing the people of the Moorlands, among whom I feel very much at home, as I represent the seat where I was born.

I would like to start by paying tribute to my predecessor, Charlotte Atkins. She made many friends in the constituency in her 13 years of representing the seat. There are many local causes that she made her own, including her advocacy for the charity Sailability and her vocal campaign for the preservation and promotion of the canal network. I am privileged to take up the baton in representing the Staffordshire Moorlands in this House.

Right hon. and hon. Members may be aware of the unique character of the Moorlands. Staffordshire is a large county with a great industrial history, but sometimes we overlook its claim as home to much of the Peak district. The geography of Staffordshire Moorlands is demonstrated not only by the name, but by the fact that one third of the seat is made up of Peak national park land. I see it as one of my responsibilities to encourage visitors to that beautiful place, which is something of an undiscovered tourist gem. When hon. Members visit the Moorlands, they will find a wealth of natural attractions. The very many hills enjoyed by walkers provide striking and inspiring scenery, including the famous Roaches. While among the peaks, hon. Members can slake their thirst in up to five of the 10 highest pubs in Britain.

Alongside the wild shapes and deep colours of the moors and the peaks, we should not forget, of course, that much of the wonderful rural beauty is conserved for our enjoyment largely thanks to the hard work and dedication of farmers. As a result, Staffordshire Moorlands is an important source of the nation's food. We are now entering the summer country show season, when the quality and variety of livestock will be on prize-winning display. We all benefit from the maintenance of the land that supports that vital industry. It will be one of my aims to encourage the House to ensure that farming—not hidden by the catch-all "rural affairs"— is given due attention by the Government.

There are opportunities not only for walking, but for bird watching, including around Tittesworth reservoir, and for sailing on Rudyard lake, the place after which the famous Mr Kipling—not the one who makes cakes—was named. The lake is no mean feat of engineering, and was created at the end of the 18th century to feed the canal network, another important part of our tourism industry. On top of those natural attractions are other reasons to be confident about the future for the Moorlands. The constituency is home to the most visited tourist attraction outside London, Alton Towers. There is also a thriving arts community, building on a long history that includes William Morris, who lived and worked in Leek for a time. Local painters such as David Hunt continue the tradition, capturing the essence of the area.

Of course, Staffordshire Moorlands is no simple rural idyll; it is also home to towns with an industrial, textile and mining history. Biddulph grew up on mining, but has adapted and is now finding its way with more modern industries. Leek prospered from the silk trade and has long been the home to two large providers of financial services, Leek United and Britannia. Contrary to some reports, manufacturing in the UK is not finished. Small firms in the Moorlands are making gearboxes, seat belts, chemicals and agricultural equipment, to name just a few.

I believe that the traditional character of our towns and villages and our farms has been strengthened by a feeling of togetherness—a feeling of the moorlands being something unique—but we have to trade some of that positive feeling for our fellow moorlanders with the difficulty of ease of access. There is, for example, neither a train station nor a dual carriageway in Staffordshire Moorlands. That lack of infrastructure might be one problem for our businesses that seek to connect quickly with others, but another, more severe, problem has been one of neglect of places such as the Moorlands—neglect by the previous Administration who developed policy with an eye only on its metropolitan heartlands and large companies. They were an Administration who strangled small businesses with regulation and looked on in ignorance of anyone who works on the land or cultivates livestock.

However, I do not think that I have been elected by the people of Staffordshire Moorlands just to sing the praises of the area. I consider that they have elected me also to support the new Government in redressing the balance in focus of our legislation. I welcome the intention to devolve powers to the right local level and recognise that the diversity of our country requires that we have strong principles and that we apply them appropriately. I also believe that my constituents expect me, along with all other right hon. and hon. Members, to uphold the supremacy of Parliament, because that is how their interests will be represented most effectively.

That brings me to the point I want to make about today's debate. We have the duty, as well as an opportunity in this new Parliament, to hold the Executive to account, but we must understand clearly what we mean by the Executive. Today, it is not simply Cabinet Government, but the extension of Government through the civil service and numerous Government agencies. We must ensure that, as we vote for laws in this House, what we pass is actually implemented in practice.

My professional background is as a chartered accountant and chartered tax adviser—and I realise how many people would be disappointed if the word "tax" did not appear in this maiden speech. Over the years I have advised businesses, large and small, on their tax affairs. I have seen many instances of where the intention of the law has been altered in practice, not by another Act of Parliament or even by a judge, but by officials in Government Departments—in my particular case, by Her Majesty's Revenue and Customs. That is a question not necessarily of unintended consequences, but of deliberately altered consequences by officials.

Let me provide a concrete example of what I mean; it relates directly to our debate on green energy and reducing carbon emissions. Under the Finance Act 1999, the then Government encouraged people to cycle to work—which given the terrain in the Moorlands, would keep us extra fit. Parliament determined that if businesses provided cycles for their staff, that provision would be exempt from tax. There are several ways that a business could do that—for example, by creating a pool of bikes or by setting up a salary sacrifice scheme. In the latter case, a credit agreement between the employer and employee is required.

One of the principles in the legislation is that the benefit should be "generally available". However, HMRC guidance drawn up in the normal way on the matter results in a subtle, but different, position—that the benefit must be "available to all". Crucially, employees under the age of 18 cannot enter into a credit agreement. This means that most employers could not offer the option to all employees; and, according to the Revenue, if it is not available to all, it cannot be available to any.

A Department for Transport guideline produced 10 years later attempted to clear up the anomaly, but why did we need guidelines from one Department to interpret guidelines from another when the intent of the law was quite clear? Why should HMRC apply the rules in this way? Did not Parliament say that it wanted this tax exemption to be given to employees to encourage green transport? Who gave the Revenue, a Government agency, the right to re-interpret the law? That may seem a small instance, but it is indicative of the larger problem we face. There is a culture of control often masquerading as advice, and there is a tendency to complicate the law—and not just in the area of tax.

Too many times my constituents have said to me that they do not understand why MPs or councillors have to take legal advice or are following the official guidance rather than doing what the intent of the law says. Parliament must be supreme, and not just in fiscal matters. Ministers and Members of this House must be confident that they are the masters of the rules, because they are accountable to those who have sent them here.

[Karen Bradley]

If we pass fewer but simpler and clearer laws, there will be less scope for confusion. Simplicity will help Parliament maintain that supremacy, while transparency will also help to restore the reputation of politics.

Our electors are more than capable of judging what we are doing—and seeing whether it is worth while—if they can see what it is, and clarity of principle might even increase interest in the business of Parliament. People will see this House as a place of serious and relevant debate, and, dare I say it, simplicity might even help us make efficiency savings. I therefore ask that in this Budget debate, and in the debates that follow on of the Finance and other Bills, we ensure that what we intend the legislation to do is what officials implement and enforce.

Before I sit down, Mr Deputy Speaker, I hope you will indulge one final comment, as I want to thank the voters of Staffordshire Moorlands for putting their trust in me. I will endeavour to work hard for all of them and represent their interests in this House.

2.25 pm

David Wright (Telford) (Lab): I congratulate the hon. Member for Staffordshire Moorlands (Karen Bradley) on a genuinely excellent maiden speech. She mentioned 10 pubs that were among some of the highest in Britain. My love of a pint of beer will ensure that I visit her constituency very soon, perhaps over the summer holidays, and avail myself of a pint of bitter—or maybe even two—in each one of them. As a fellow midlands MP, it is a great pleasure for me to welcome her to the House. I was the Government Whip for her predecessor, Charlotte Atkins, to whom she paid worthy tribute. Perhaps I can encourage the hon. Lady to join us in the Lobbies next week, as I used to encourage her predecessor to do, but on the basis of her excellent speech, I think I might have some problems achieving that.

I want to speak about some general issues surrounding the Budget. First, I was struck during the Budget debate over the past couple of days about how the Budget failed to mention the scale of the global downturn over the past three or four years. Anyone listening to the Chancellor would not have believed that the world economy had gone through one of the greatest downturns—indeed, the greatest downturn—since the second world war. This omission amounts to a significant rewriting of history.

I recall visiting the United States when the housing crisis, prompted by the mis-selling of mortgages in the US, was just beginning to take hold. There was real fear on Wall street about the value and confidence of what was then triple A-rated debt. It sent a shockwave around the world, yet we heard no mention of that in what the Chancellor had to say, which I found quite remarkable.

I also found it remarkable that the Chancellor had nothing to say about the decisions taken by the Labour Government to support the economy at the height of the recession. I still believe that those decisions were the right ones to take, supporting the banks during the crisis and cutting VAT—perhaps the Liberal Democrats would like to reflect on that when it comes to the vote next week—to provide a stimulus to the economy. The car scrappage scheme was a particularly successful economic stimulus and was important for companies in my constituency and across the midlands. Quantitative easing was another positive step. During that period, the Conservative party largely got it wrong. It opposed a number of those initiatives, and was particularly slow when it came to supporting bailing out the banks. In large part, it got a number of those decisions wrong.

The crucial question facing us now is the speed at which we pay down the deficit that resulted from the global recession. We are all agreed on that. The risk is that if we take too drastic action, we could find ourselves pushed back into recession. On "Newsnight" last night, which I watched with my cup of tea, an economist, Richard Koo of Nomura Investment in Japan, said that there is a danger that the Budget will take too much cash out of the economy, and made the point that the private sector is deleveraging and might also be tempted to pay down debt. He made the point that, as a result of the Budget, we might find ourselves in a low-growth, low-inflation economic position, as experienced in Japan. At such times, he said, a portion of financial stimulus needs to be sustained, and that should have happened in Japan in the late 1990s. What happened in Japan was that it bumped along the bottom in economic growth. That is a worry.

The Budget envisages a massive shift to private sector investment and exports over the next three years. We should all support that and hope that such a strategy succeeds, but such a significant rise in private sector investment and exports over a three-year period is a tall order, especially if, as the Prime Minister said proudly from the Dispatch Box the other day, economies across Europe are contracting public spending. Several European Governments have withdrawn stimulus from the economy, which is a concern in relation to demand for exports over the coming three to four years. That is why the question of the speed of cuts is crucial.

The Canadian deficit reduction model, which is often cited by commentators in relation to the Budget, was pursued at a time of growth in the economy. I want to see more growth and I want to see the country succeed, as we all should, but my concern is that growth is fragile here. Businesses are concerned about the impact of cuts on levels of demand in the economy. The *Shropshire Star*, my local paper, did an excellent piece on the Budget—that will get me a good slot in the editorial tonight—and quoted Geoff Parkes, who runs a company in Telford, ASC Finance For Business. I do not know him or pray him in aid of the Labour party's position, but he had this to say about the Budget:

> "The big unknown is the effect of public sector cuts, reduction in tax credits, freezing child benefit and critically the rise in VAT to 20% from January 2011".

He said that this

> "will have an impact on demand in the economy—this means firms will have to compete harder for their share of the recovery".

He is right: companies will have to compete harder for their share of the recovery. My concern is that we are taking public spending out of the economy too quickly. We need to cushion the impact of the cuts over the next two to three years; otherwise, we might find ourselves in a double-dip recession.

My concern about the Budget is the ideological drive of the Conservative party to reduce the role of the state. This is the kind of Budget that the Conservative party would have introduced whether we had these economic

problems or not. The Conservatives have a big society view about the country based on a US small state theme. The headline from the Budget is, "Pain now, more pain later". The massive spending cuts are pushed away to the autumn, when they can be announced by the Chief Secretary to the Treasury, the Chancellor's personal human shield. I would not be surprised if the Prime Minister and Chancellor were well away—probably out of the country—when the Chief Secretary stands at the Dispatch Box to announce the savage cuts later in the year. In the meantime, the Budget can be presented as half the story of what needs to happen in our economy.

The Institute for Fiscal Studies has said clearly that if some Departments are to be protected, with perhaps 10% cuts, others will have to bear cuts of about a third. That is an enormous amount to come out of the budget in the next two to three years. I am extremely concerned about the impact that will have on police services in constituencies such as mine, where we will see fewer police officers on the street, fewer community support officers and fewer front-line services. Telford is heavily reliant on civil service jobs: defence jobs, Department for Work and Pensions jobs, and jobs that are reliant on work from the Treasury. I fear that there will be a significant reduction in the number of civil service jobs in Telford, which will have a consequential impact on our economy. I want us to protect those jobs in Telford, and I will fight to protect them. It is important for us to protect our local economy—an economy that relies so much on public sector jobs.

I was disappointed that the Building Schools for the Future programme was not mentioned in the Budget. A significant amount—more than £200 million—has been invested in the renewal of our schools in Telford, but there is currently no security for head teachers, pupils or parents with regard to the future of those schools. Secondary schools such as Wrockwardine Wood arts college, the Phoenix school, Lord Silkin school and Sutherland business and enterprise college are waiting to see whether the Government will proceed with Building Schools for the Future. I shall campaign with local communities to ensure that we complete that programme—a programme that we initiated as a Labour Government, and of which I am incredibly proud.

I believe that the Budget will have a disproportionate impact on the poorest people in the country. The Institute for Fiscal Studies stated clearly today that it believed that it would have a greater impact on the lower paid and the poorest than on anyone else. As our discussion over the past couple of hours has made plain, Labour's last Budget was progressive and this Budget from the Conservatives is regressive. That has been the focus of the debate.

The core tax rise in this Budget is, of course, the increase in VAT. Before the election, both the Conservatives and the Liberal Democrats said that they had no plans to introduce increases in VAT. This VAT rise is a bombshell. We talked about it during the election in Telford, where it will have a significant impact on families. I shall be in the Lobby next week opposing it. Indeed, I shall be in the Lobby opposing the entire Budget package, because it is damaging to communities such as Telford and damaging to the country. We should oppose it because it is non-progressive—in fact, it is regressive—and I look forward to Liberal Democrat Members joining us in the Lobby to oppose it next week.

2.37 pm

Mr Mark Field (Cities of London and Westminster) (Con): I congratulate my hon. Friend the Member for Staffordshire Moorlands (Karen Bradley) on her charming maiden speech. She spoke with great passion about her constituency, although I felt slightly guilty when she lamented the fact that there were no railway stations in it. There are 32 tube stations in my constituency, along with no fewer than three of the four railway stations on the Monopoly board. Perhaps we can swap a few between Cities of London and Westminster and Staffordshire Moorlands before the world is too much older.

The first Budget of any new Administration is always a momentous event. It inevitably sets the seal for much of what will follow economically. This is a groundbreaking and very brave Budget, which has expressly changed the terms of trade. In his speech, the Chancellor made a robust case for the nation to have a future that would be underwritten by the success of business and enterprise.

It is only the third time in more than three decades that such a Budget has been delivered. In the infinitely more clement economic weather of 1997, the then Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), while ostensibly sticking to his predecessor's spending plans, announced fatefully his intention to restrict private pension tax breaks. At a stroke, the culture of personal savings was undermined, and a distinct shift from individual responsibility to collective state provision was flagged up. It has, perhaps, taken a full 13 years for us to appreciate the true implications of what many then regarded as a technical manoeuvre born largely from a need to secure an easily available pool of cash to spend on pet projects, a state of affairs that was necessitated by the making of an orthodox manifesto pledge.

In the emergency Budget of 1979, the incoming Conservative Government signalled a desire to unleash the power of the free market from the state's grip, and to promote free trade after a characteristic spell of Labour mismanagement. Indeed, in the run-up to the general election this year, it became the pastime of many political commentators to draw comparisons between that momentous 1979 election and the political and economic landscape that faces us today. Yet, of course, that simplistic analysis ignored the significant differences between the two episodes. When the Conservative Government took control of the public purse in the final year of the 1970s, our nation had been subject to monetarist policies for two and half years courtesy of the IMF. In essence the very toughest decisions on public spending had already been made at that time.

In contrast, this year, while there was a superficial acceptance that the best of economic times was over, the sheer gravity of our economic problems has been too lightly skated over during the campaign skirmishes. Indeed, it served the expedient interests of all three main political parties to confine any economic discussion to a somewhat fatuous battle over public spending cuts of £6 billion; a sum of money that we borrow, not spend, every fortnight.

The public were willing to embrace change in 1979. Today, I fear that the electorate have been less willing to accept the seriousness of the national economic situation. The breathless relentless media coverage over the past two years charting stock market swings, house price

[Mr Mark Field]

crashes and global turbulence has convinced many that the worst is already behind us when, really, the reckoning has yet to begin.

I have felt that the past couple of years have been uncompromisingly ugly—we have seen that in many of the speeches from Opposition Members today—for those of us who support capitalism, free markets and open trade. Once again I am delighted that this Budget starts to make the case for empowering people, the smaller state and individual responsibility.

The election is now of course behind us. I remain concerned that our coalition Government do in all fairness lack the critical and explicit mandate to make some of the very tough economic decisions that are required as a matter of urgency to get the public finances back on track, for this Parliament—indeed probably for the entire decade—stands to be dominated domestically by the need to take a firm grip of the public finances.

This year's public budget deficit of some £155 billion represents 11 per cent. of GDP and means that we continue to borrow fully £1 in every £4 that we spend. This colossal living beyond our means is made up of consumption rather than investment in any meaningful sense of the word. Correcting that imbalance will necessitate diminished living standards for the generation of taxpayers yet to enter the workplace. In a large measure, that means that we have to take an axe to public spending, and that has of course been a remarkably rare event.

I am delighted by the generally positive media response to the Budget, but I should point out to my hon. Friends that the pain of the tax rises accounts for only 23 per cent. of the overall measures. Details of the adjustments to public expenditure will be hammered home in the months to come and will become fully apparent only in 2011-12. That is when the real logistic and political tests will come.

There is much to learn from history about those very few previous episodes when we have needed to make a substantial cut in public spending. The single most significant period of efficiencies and reductions in public spending came in the aftermath of the first world war and, perhaps significantly, was also in a time of peacetime coalition between the Liberals and Conservatives under Lloyd George. The wartime economy at that juncture was characterised by huge unprecedented state control, so much so that when the conflict came to an end, there was a massive upswing in the economy as pent-up demand, wartime savings and the removal of wartime controls caused a boom. However, the first peacetime Budget in 1919 actually led to a budget deficit of 6 per cent. of GDP after the then Chancellor concentrated on building homes fit for heroes and embarking on an ambitious social programme rather than balancing books.

Hot on the heels of that boom, however, was a grim slump. Having been one of the world's largest overseas investors before the first world war, Britain became one of the biggest debtors with interest payments taking up some 40 per cent. of all Government expenditure. The value of the pound was depressed, yet the anticipated export boom failed to materialise. Even preceding the slump there had been a public outcry at the Government's extravagance. As the economic gloom descended and tax increased, the outcry against Government waste became a thundering clamour.

It was against that background of public pressure and economic misery that the then Prime Minister Lloyd George appointed Sir Eric Geddes to chair an independent review of Government spending in the bitter year of 1921, the aim being drastically to cut spending by eliminating the waste that had been identified. The Geddes committee was to become the most thorough and rigorous outside investigation of public expenditure ever conducted in Britain. It was also, of course, highly controversial. Its membership consisted of only a single elected MP and five unelected business leaders, and while it was lauded by the world of commerce and Conservatives and taxpayers, it was attacked by the fledgling Labour party and the trade unions.

In the end, Geddes was able to slice some £54 million off Government expenditure. That seems an almost risibly small sum today, but in those days it amounted to a 10% reduction. We should soberly remember that, once ring-fencing is accounted for, departmental cuts of about 25% are likely to be required next year.

Back in the 1920s, a clear message was sent to Ministers, Whitehall and the general public that spending in any form would be very closely scrutinised like never before. The committee's work marked a crucial turning point in rebalancing the public finances from a distorted war basis to a peacetime basis. It is a lesson we need to learn in the months ahead as we go about the work of ensuring that these departmental changes happen.

The committee's success in rapidly achieving its goal was due to a number of factors: it had professional and respected committee members; it enjoyed unstinting political support; it worked to a very swift timetable, which I think we will have to do again this time; there was widespread public support for its aims; and it was willing to compromise on proposals that proved to be politically unfeasible—I think we will find ourselves in that situation again in the months to come. The experience of nine decades also has demonstrated that while securing public expenditure cuts is very politically difficult, it is far from an impossible task, as is often claimed. We undoubtedly need to try to achieve great public support. The experience of the 1920s showed that while voters might agree in general with cuts, they almost never agree with specific cuts that directly affect them. To put it simply, we need to ensure that the cuts are fair, focused and effective.

History also provides important perspectives and pointers to the future. Wisely, the coalition Government have an even more recent precedent in mind. The hon. Member for Telford (David Wright) rightly pointed out that the Canadian model of deficit reduction in the first half of the 1990s took place in an era of great global growth and plenty. We should not underestimate how much easier that made its very painful readjustments, under which a quarter of public sector employees in the country lost their jobs. By contrast, today's reductions in the head count will, to an extent, be tomorrow's unemployment rise.

In Canada in the 1990s, the Government had already levelled with the voters over a period of time. They then proceeded to provide very clear evidence, on a year-by-year basis, of the gains as expenditure was reduced. They also made the moral case that the living standards of future generations of taxpayers should not be diminished to pick up the tab for the consumption and debts of current taxpayers. That is absolutely crucial.

This has been an extremely brave Budget from the Chancellor. The fact is that despite the—at times contrived—anger from Opposition Members, those who are most likely to suffer are middle England voters, who are the very people the Conservative party has relied upon for electoral support. The Budget's promise to be tough but fair is largely borne out, especially in its protection for the poorest and most vulnerable in our society. Indeed, I have been calling for some years now for the removal of the very lowest earners from income tax altogether, and I am very pleased about the steps that have been taken in that regard.

I sound only two notes of caution. First, I believe that the Office for Budget Responsibility unemployment projections have been over-optimistic. Indeed, such has been the unreliability of economic forecasting over recent years, that I think that unemployment will not peak this year, but that it will be higher in both 2011 and 2012. Secondly, I fear that there is a real risk of serious sovereign default in the eurozone, as has been discussed.

I do, in part, accept the Opposition's view that there is a significant element of risk in this Budget, with many of the toughest measures coming in next year when the coldest winds may well be sweeping across the continent. However, for the sake of this nation's economic welfare, I believe this calculated judgment is well worth taking. Given that denial, debt and delay are part of the problem, I cannot see that they will be the solution to this crisis.

2.49 pm

Clive Efford (Eltham) (Lab): This is my first speech in the new Parliament, so let me take this opportunity to say what a pleasure it is to see you in your position, Mr Deputy Speaker.

One of the first things that we need to say about the Budget is that it is quite clear that the underlying narrative is an assault on the size of the state. It is not merely an attempt to deal with the deficit following what has been described as a profligate former Labour Government. It is an ideological assault on the state based on the belief that reducing the size of the public sector will create space and that the private sector will inevitably grow and fill the vacuum. Without question, this Budget is—apart, perhaps from the absence of the NHS from the cuts—the Budget that Margaret Thatcher always wanted to introduce. But who would have thought it would be the Liberal Democrats who would give the Conservatives the power to wield the axe?

The Deputy Prime Minister sat through the Budget nodding in support of every swing. We all remember the warnings that he gave during the election about what the Conservatives would do if they got into power—the VAT bombshell—but what changed? I think he is suffering from Stockholm syndrome, which is what happens when a hostage becomes emotionally attached to the people who are holding him captive. It is quite clear from his response to the Budget that there is something going on. He has now collaborated in the biggest robbery since Patty Hearst just went to the bank.

Perhaps I am being unfair. It could be that the Liberal Democrats just cannot help themselves. I am reminded of an experiment at Stanford university—the Stanford prison experiment—in which students were given the roles of prisoners and jailers. Very quickly, two thirds of the jailers became very sadistic, but the peculiar thing was that the prisoners, although they were free to leave at any time, decided to stay and take the sadistic treatment being dished out. I think that something is going on here. The Liberal Democrats who have taken the thirty pieces of silver and the Toyota Prius cars are clearly taking on the role of the sadistic jailers who have adopted the policies in the Budget. The Liberal Democrats who are left—I do not know what the collective term for them should be, but perhaps it could be dupes, as that is a term that someone has used recently—are unable to free themselves. They have internalised their grief and they are going along for the rollercoaster ride on the track that has been laid by the Conservatives in this Budget; they are hanging on for a white-knuckle ride.

There are endless quotes from the general election in which Liberals warned us about the Conservatives and what they would do in government, so there is no mandate for the Liberal Democrats to support the Budget. The majority of people who voted at the last general election voted for the parties that opposed the sort of cuts that are in the Budget.

The fact that we need to address the deficit is without doubt. If Labour were in government we would be cutting public services, and people would feel the consequences of those cuts; there is no doubt about that. However, the size and scale of what we have got from the coalition Government is beyond anything that anyone has attempted in the UK before. In one Budget, they are cutting back the size of the state, over six years, beyond what it was when Labour came into power 13 years ago. Under the guise of reducing the deficit they have set about reducing the size of the state, with an enthusiasm that Margaret Thatcher could only look on in wonder.

Kwasi Kwarteng: The hon. Gentleman mentions the deficit; who does he think was responsible for it?

Clive Efford: The hon. Gentleman will probably know the history of this matter. Until November 2008 there was an agreement in this House about how to deal with the deficit. The Conservatives supported what the Government of the time were doing, so I suggest that he go back and look at the facts of what was going on.

The Liberal Democrats conveniently forget the statements that they made expressing their fear of what the Tories would do. I remind the House of one that was made at the start of the general election campaign. In an interview with *The Observer*, the leader of the Liberal Democrats, the right hon. Member for Sheffield, Hallam (Mr Clegg), said this about a new Conservative Government:

> "They then turn around in the next week or two and say we're going to chuck up VAT to 20%, we're going to start cutting teachers, cutting police and the wage bill in the public sector. I think if you're not careful in that situation...you'd get Greek-style unrest...be careful for what you wish for."

I think that those are very wise words.

The Government have also prayed in aid what has gone on in Greece, Sweden and Canada, but my right hon. Friend the Member for Doncaster North (Edward Miliband) pointed out at the Dispatch Box that comparisons with Greece are utterly ridiculous. In Sweden they cut back public expenditure by 20% over 15 years,

[Clive Efford]

an approach that bears no comparison with the scale of what is being attempted here. It is true that the Canadian Government carried out a consultation exercise, but that was confined to short-term measures to deal with the deficit, and the intention was always that there would be a return to expenditure.

What we are seeing is a permanent cut-back of the state, and a withdrawal from expenditure for ever. That is what the people of this country are being asked to participate in through this consultation.

The hon. Member for St Ives (Andrew George) is the only Liberal Democrat in the Chamber. I am not surprised that there no others participating in this Budget debate. I have quoted the party leader as saying

"be careful what you wish for",

and I hope that the hon. Gentleman will remind his friends of that, especially the ones who cheered this Thatcherite Budget. Supporting this Budget is a proclamation of an intent to reduce the size of the public sector in perpetuity. Liberal Democrat Members cannot support reducing the size of the state and say with any credibility that the axe will not swing against the NHS in the long term. This is an ideological change, and they cannot escape that fact.

Andrew George (St Ives) (LD): Will the hon. Gentleman give way?

Clive Efford: I welcome the hon. Gentleman getting to his feet. Perhaps he will explain whether he supports the state being withdrawn in this way.

Andrew George: I am grateful to the hon. Gentleman for giving way. I certainly appreciate the attention that he is giving to my party, although he fails to recognise that this is a coalition Government. There will be elements of both the Budget and the coalition agreement about which the Conservatives are especially enthusiastic, and elements about which the Liberal Democrats are especially keen. The measures in the Budget include a raising of the personal tax allowance, a significant improvement in annual increases in pensions, increases in capital gains tax and the introduction of levies on banks—all things that Labour failed to do at all.

Clive Efford: If that did not sound like an excuse, I do not know what would. A person on a low income who receives benefits or child tax credits is going to see those benefits reduced, so raising the personal tax allowance will make very little difference to household income.

Andrew George: What about the 10p rate?

Clive Efford: I assume that the hon. Gentleman has applied to speak in the debate, but it is clear that I have touched a raw nerve with him.

It is as sure as night follows day that those who support this Budget will want to cut the NHS next. Attacks on what has been describe as an "over-bloated" public sector are attempts to soften the public up in preparation for an unprecedented attack on public sector workers and the people who rely on the services that they provide.

The public sector will be hit in three ways, with a triple whammy—a freeze on council tax, a freeze on pay, and a squeeze on workers' pensions. The claim that none of those would be necessary if the previous Government had not left the country in the state that the present Government say that they did just does not stand up to scrutiny.

In this Budget we are being asked to vote for taking away £1.8 billion from housing benefit, £1.4 million from disability benefits, £11 billion from the welfare state overall—and £2 billion from the banks. The Government say that they oppose nationalisation, but they have certainly nationalised the cost of the banking failure, and it is the poorest people in our constituencies who will pay the price.

The figures show that £1 in every £7 spent by the poorest 10% in our communities goes on VAT, but that drops to £1 in every £25 for the richest 10%. The IFS has confirmed that Labour's plans would hardly have touched the poorest 10% at all, but this Budget will reduce their income by 2.5%. Labour's proposals would have reduced the position of the richest 10% by 7%, but the Budget adds only a further 0.6% of that.

Guy Opperman (Hexham) (Con): Will the hon. Gentleman give way?

Clive Efford: No. I have given way twice, and other Members wish to speak.

We can see who is paying the price for the Budget. The Government say that we are all in this together, but some of us are in it more than others, and the poorest are in it up to their ears.

There is no mandate for this Tory Budget. Despite all the coverage that we have read about it, no one has said, "Thank God the Liberal Democrats were there to hold back the nasty Tories." Everyone says that it is a Conservative Budget—the Budget that the Conservatives would have introduced whether or not they had the rag, tag and bobtail of the Liberal Democrats tagging along behind them. This assault on our public services is founded on the misguided belief that as the pubic sector contracts, the private sector will expand and provide new jobs.

There is no intention of returning investment to the public sector. The dogma that drives the cuts is the same that drove the Tories to attempt to destroy the NHS when they were last in power. Anyone who votes for the Budget is signing up to a Thatcherite philosophy of slashing the public sector and paying no heed to the consequences for the most vulnerable people in our communities. Never again will the Liberal Democrats be able to claim that they are the party that stands up for the underprivileged and a party that is in favour of intervention. This is a Thatcherite Budget and anyone who votes for it will be a Thatcherite: Members on the Government side of the House are all Thatcherites now.

3.1 pm

Mr Matthew Offord (Hendon) (Con): I pay tribute to the speech made by my hon. Friend the Member for Staffordshire Moorlands (Karen Bradley). I know her seat very well and I am tremendously proud that she is in the House. It was interesting to see the

right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) in the Chamber earlier, but Conservative Members would have liked him to stay for the whole of today's debate.

It is a great honour to speak in my first debate as the newly elected Member of Parliament for Hendon. Mr Speaker will know my seat well. He grew up in the neighbouring constituency, so he will know of many of my constituency's attributes. Hendon is famous for many reasons, including the Metropolitan police training college, the Medical Research Institute, the British Library newspaper depositary, Brent Cross shopping centre and the RAF museum, to name but a few. Many people are migrating to Hendon for some of its other attractions, such as our lower than average crime rate, our good schools and our green spaces, all of which are within easy access of central London, so I urge hon. Members to travel on Thameslink or the Northern line to come and visit. I am sure that many Members, certainly those representing northern constituencies, have already visited Hendon, especially if they travel back to their constituencies at the end of the week by car along the A5, A1, A406 or even the M1.

My constituency is also known for many of its former inhabitants or those who were schooled in the area, including Oliver Postgate, the creator of Bagpuss and the Clangers; Garbo, the Spanish spy who fed the Germans false intelligence about the D-day landings 66 years ago; William Wilberforce, a former Member of Parliament and slave trade abolitionist; and Sir Stamford Raffles, the founder of Singapore. More recent Hendon characters include Henry Cooper, Denis Compton, Joe Beevers and even Lord Mandelson, who attended school in the area. That shows us that my constituency has attracted people who have contributed to a range of activities in our society and national life. It continues to do so, and I hope, as its new MP, that I will make my mark for the people of my constituency.

I pay tribute to the work of my predecessor, Andrew Dismore. He worked hard on many issues, and I intend to continue some of that work for different sections of our community. He set the bar high, but I intend to exceed it. He also prided himself on having made the longest speech in the Chamber in the past decade, but hon. Members will be pleased to hear that I do not wish to emulate that.

The constituency of Hendon is marked by extreme religious and cultural diversity, which is mirrored economically in the contrast between the affluent Hale, Hendon, Mill Hill and Edgware wards and the housing estates of Burnt Oak and Grahame Park, the Perryfields estate and Stonegrove. I am pleased to confirm, however, that the London borough of Barnet has already started work to regenerate the Stonegrove and Grahame Park estates.

One of the most tragic comments I heard during my campaign to be elected to Parliament came from a mother on the Grahame Park estate, who said that too many foreigners were coming into this country and taking social housing away, and asked how her children could have any chance of taking over the tenancy of their home. That illustrates the lack of aspiration that many people have today. I contrast her attitude with that of parents in other parts of the constituency who spoke about their children going to university, buying their first home and eventually getting married. We live in one of the most prosperous cities in the western world, but there remain yawning chasms between the aspirations of the people I represent.

In that respect, my constituency is probably a microcosm of London. In turn, London represents part of the affluent south that stands in total contrast to the other places where I have lived, such as Barnsley, Carlisle, Bodmin and Leek. The difference for those places is in how they are viewed by us, as law-makers. Without doubt there is an urban-rural dichotomy in this country, which even today is reflected in our politics. That was reinforced by the previous Government when they established the Urban Task Force and the Rural Task Force. However, when more than 80% of us live in areas, such as my constituency, that can be classified as suburban, it is anathema that the suburbs play a secondary role in regeneration and urban policy.

Given the importance of cities to Britain's future economic prosperity, I urge the Government to recognise that suburban constituencies must play a key role in their policies for urban regeneration. Many commentators share my view, recognising that suburbs are the forgotten dimension in our urban policies. There are many initiatives that could overcome that issue. In the past, the former Member for Sedgefield spoke about "Education, education, education", but I think that that was too narrow a focus. I would prefer us to instil in our people a sense of "Aspiration, aspiration, aspiration", which will continue with them throughout their adult lives. But we cannot do that on a national scale. We need to allow local people to implement the right social and economic priorities for themselves on a suburban scale.

When I was deputy leader of Barnet council, I was proud to introduce a scheme whereby we employed our looked-after children, in the same way that any parent would employ one of their children in the family business. It was not a guarantee of employment, but an opportunity of aspiration that could be taken up—one which, I am pleased to say, several young people did take up and so improved their life chances by entering the local economy. Barnet council also led in the promotion of what became known as the Barnet bond—a financial scheme to raise more than £300 million to be invested in schools, transport and other local services that will be needed to provide the infrastructure to cope with the housing growth expected over the next decade in our suburban constituency. If Barnet does not achieve that—if it does not raise the aspirations of the area and the people who live within it—community life will be on a downward trajectory.

Today, I have heard some Labour Members say that Government Members dislike the public sector. I assure them that that is not the case. In fact, we believe that the public sector has a part to play but that there are others who are able to contribute better than the public sector. Unlike the previous Government, we do not believe that throwing money at problems is the way to create a better economy and better living conditions for our people. We believe that there are many other organisations—particularly in the third sector—that are better at deciding what local people's objectives are and introducing actions to achieve them.

My constituency has many organisations that provide benefits for civic and local life—my Seahorse sailing club on the Welsh harp; the Community Security Trust,

[Mr Matthew Offord]

which plays a great role in our Jewish community; the Mill Hill Preservation Society and the Larches Trust, to name but a few. Particularly when we talk about green energy and climate change, we must create the aspiration for those organisations and new ones to emerge and allow them to play their part. We must not let the budget deficit become an excuse for inertia.

Under the previous Government there was an increase in violent crime. More than 40 years ago Robert Kennedy told an audience that there is another kind of violence besides physical violence—one that is slower, but just as deadly and just as destructive—and that is the violence of institutions, particularly when they become indifferent, show inaction and produce slow decay. That is, in essence, a neglect of aspirations by politicians and policy makers. Because we do not have any money, we must look at alternative ways of reducing our deficit and improving our country.

Because of the massive economic deficit we must win the argument, particularly Conservative Members and with our colleagues the Liberal Democrats, that it is the opportunity of aspiration that will create private sector employment and pull us out of the state that we are in. It will not happen as a result of some of the objectives proposed by Opposition Members. We need to recognise that different communities work in different ways, be they rural, urban or suburban, and we have to give our constituents the ways and means to address the problems that they face and to introduce the right conditions for themselves. As the Member of Parliament for Hendon, I intend to play my part to achieve that.

Finally, I wish to thank the people of Hendon who gave me, and the Conservative party, their respect and trust in allowing me to come to this place.

3.11 pm

Karl Turner (Kingston upon Hull East) (Lab): I start by welcoming you, Mr. Deputy Speaker, to your position. One of the first tasks that I undertook when I came into this place was to put my cross against your name, so welcome. I also congratulate hon. Members on their maiden speeches. Members will share with me the sense of privilege and much pride that comes with entering this magnificent Chamber. That pride brings with it a real sense of responsibility, which I will keep to the forefront of my mind throughout.

However, the happiness of the occasion is tinged for me with some sadness and real fear: sadness because I do not take my seat on the Government Benches where the important decisions that affect my constituents will be made, and fear for the constituents whom I represent, and worry that the choices already made by the coalition will severely damage the good that has come from 13 years of a Labour Government. Those choices are driven by pure ideology, with consequences that are likely to be far-reaching and long-lasting. My constituency has benefited tremendously from a Labour Government, and I fear the clock being turned back to Tory time.

Hull East, or East Hull, as it is known to those of us who were born and bred there, is a fantastic place. Its greatest asset is its people. East Hull folk have a reputation for straight talking, and I hope that I bring with me to the House that special quality. East Hull people are enriched by many excellent qualities, among which are their good sense and sound judgment. I am delighted that they employ those when they vote Labour, which is why I am here.

To that end, I have the benefit in my constituency of the hard work and tireless commitment of many excellent Labour councillors, led by the leader of the Labour group, Councillor Steve Brady, and I thank them for their service. I can also tell the House that in the past few days we have had a new councillor on the Labour benches in the chamber in Hull—Councillor Maureen Bristow. She crossed the floor from the Lib Dems because, in her words, she did not come into politics to implement Tory policy that hit the hard-working and the poorest people the hardest. That sentiment is shared by people in Hull and throughout the country who have previously voted Lib Dem but will never make that mistake again.

I am often reminded that I have very big boots to fill, and I acknowledge that in paying tribute to my predecessor, John Prescott. It was 40 years ago on the 18th of this month that John was elected to the House. In that time he has been credited with many achievements, perhaps too many to mention in the short time that I am permitted to speak. Throughout his time here, he was blessed with the loyalty of his agent, Harry Woodford, who still attends Labour party meetings at the age of 93. I know that I can rely on the same loyalty from my agent, Howard Flitton. He is much younger than Harry, but, if I stay in the House as long as John, by then he will be about the same age.

While John was a Member, some say that he delivered many knockout blows. He was very faithful to his constituents and to the Labour party, and I hope to emulate that. Hon. Members might recall that in the 2001 general election, while on the campaign trail, John was involved in an incident in Wales. When his then boss, Tony Blair, asked him, "John, for heaven's sake, what were you doing?" I am told that John replied, "Well you told me to go out there and connect with the electorate, so don't blame me now." He was straight talking, and he had a very good left jab.

John Prescott has a lot to be proud of. He rose from being a seafaring steward to the dizzy heights of Deputy Prime Minister, following the Labour party's magnificent election success in 1997. I feel compelled to mention that, unlike the incumbent Deputy Prime Minister, John gained his place in government through the electorate and the then leader of his own party. It was not gained through the desire for power, whereby 22 Government jobs, with gold-plated pensions, have been traded for many thousands of public sector jobs—a desire for power that I predict will not come without a great cost to the right hon. Member for Sheffield, Hallam (Mr Clegg) and his party.

My predecessor is very different from the right hon. Gentleman, but there are some comparisons. I say that with some apprehension, because I am clearly at risk of offending my predecessor, and I do not suggest for even a second that John has, or will ever, utter the words, "I agree with Nick," but interestingly enough at the general election he and the right hon. Gentleman asked the electorate to vote for their respective parties in order to stop the Tories ruining the economic recovery that was set in train by the previous Labour Government. Like the electorate, I have no recollection of the current Deputy Prime Minister saying, "I agree with Dave."

While making comparisons, however, I seem to share the Prime Minister's sense of humour, because like him, I and many other Opposition Members have a new favourite joke. The former Deputy Prime Minister—the one whom the electorate wanted—will soon continue in the other place with his tireless commitment to his interests, and I wish him well there.

Indeed, I do have big boots to fill. The last Hull-born MP to represent the area was the great William Wilberforce, who began his political career in 1780 when he became the independent MP for Yorkshire, which at the time covered some parts of my constituency. He was a truly honourable man, who led the parliamentary campaign against the British slave trade, and after some 26 years the Slave Trade Act 1807 was passed. When Wilberforce left the House in 1826, he continued his campaign, and just three days before he died he learned of the passing of the Slavery Abolition Act 1833.

East Hull has a record of electing Members with seagoing experience. In 1945, the area elected Harry Pursey, a former naval commander, and of course my predecessor was a merchant seaman. Although I have no seafaring experience, I am the son of a former seaman, so to that end the tradition continues.

I am very proud of my roots. I was educated in a state comprehensive, and my school suffered from some shameful under-investment during the previous, 18-year-long Tory Government. I left school without having achieved much academic success, but after the first term of the previous Labour Government and their agenda for lifelong learning I had the opportunity and confidence to study law at the excellent university of Hull. I was eventually called to the Bar in 2005.

Hull has many things to be proud of, not least the excellent quality of its rugby league. In the east we have Hull Kingston Rovers and in the west Hull FC, both of which rival each other in the super league. We also have Hull City football club. Not unlike another team that are extremely close to my heart, we suffered last season what I hope turns out to be a short-lived demotion. The team were led by, I often argued, an excellent leader in Mr Brown—that is, Phil Brown.

Despite the coalition Government's attempts to convince each other and the wider electorate that we got it wrong, Labour Members sit on this side of the House proudly and with our heads held high. We have an excellent record to defend. I am particularly proud of the national minimum wage; our investment in the NHS, with 85,000 more nurses and 32,000 more doctors, and cancer care that is again becoming the envy of the world; record numbers of students from normal backgrounds like my own going off to university; Sure Start; the winter fuel allowance; equality legislation set in train by the Labour party in government; the historic Good Friday agreement and the peace in Northern Ireland that it brought; tackling pensioner poverty; child tax credits; the abolition of section 28; the introduction of civil partnerships; massive investment in social housing; free bus passes for over-60s; free swimming for under-16s and over-60s; free nursery places for three and four-year-olds; and Building Schools for the Future.

On the economy, I am proud that we took decisive action when the global economic crisis hit. I am proud, too, that we saved the banks from inevitable collapse and invested in the economy, leaving the new coalition with an economy that is in growth. Make no mistake about it—we did mend the roof when the sun was shining. The vast majority of those policies were opposed by the new Government; some have already gone in the short time that they have held office.

I vow to hold this Government to account while I sit on this side of the Chamber, but in doing so I remember the responsibility that I have to my constituents. If the Con-Dem coalition gets it right, I will support it, but when the policy is wrong, when it is for ideological reasons, and when it adversely affects my constituents, I shall challenge it at each and every opportunity.

3.21 pm

Angie Bray (Ealing Central and Acton) (Con): Let me start by congratulating the hon. Member for Kingston upon Hull East (Karl Turner) and my hon. Friends the Members for Staffordshire Moorlands (Karen Bradley) and for Hendon (Mr Offord) on their excellent maiden speeches. I am sure that they will all make great contributions to this House over the years to come.

I cannot imagine that many of us who sat in the Chamber on Tuesday to hear the Chancellor's emergency Budget statement will have found it exactly an enjoyable experience. Theatrical, yes; dramatic, yes; enjoyable, no. It was a bleak Budget statement drawn from a grim economic landscape bequeathed to us by the previous Labour Administration. We will all now be thinking about getting back to our constituencies this weekend and discussing with our constituents how we can face these tough measures together. Yet I suspect, judging by the Leader of the Opposition's response, that many of those on the Labour Benches will be blaming everyone and everything but themselves for the situation in which we find ourselves. That is neither wise nor credible. I hope that at least some of them will recognise that under their governance this country was living way beyond its means for far too long. As the well-worn but true saying goes, all good things come to an end—only on this occasion, not just an end, but a juddering halt that has shaken the whole country violently.

I would like to put on record how much I abhor the manner in which the previous Labour Government, in their last few months, went round dangling all sorts of promises—this project, that programme—to dazzle the electorate, all of them knowingly unfunded, so that they were inevitably withdrawn when reality kicked in with the new Government. Another Labour Government—heaven forfend—would have been in no position to do any different from what we are having to do.

I believe that the Chancellor's Budget is tough but fair. Responsible governance means taking tough decisions now to get our country back on its feet down the road. Fair governance means the better-off shouldering the biggest share of the burden, but most important, it means taking account of everyone in our society, ensuring that pensioners can enjoy dignity in retirement and that families in poverty receive the support they need. The long overdue restoration of the link between pensions and earnings and the triple lock is to be welcomed. The increase in child tax credits for the poorest families demonstrates that fairness is a priority for this Government. Raising the income tax threshold for those on lower incomes is a huge step forward. It means that 880,000 of the lowest taxpayers will be taken out of tax altogether.

[Angie Bray]

I recognise that that was very much a Liberal Democrat manifesto pledge, but it is no less welcome in our coalition for that. It also resonates closely with Conservative values, and I hope that the Chancellor will be able to get even closer to the £10,000 threshold that we all want to see when we can afford it.

Kate Green (Stretford and Urmston) (Lab): It is all very well to say that this Budget will protect the poorest, but how can that possibly be reconciled with a long-term freeze or cut in benefits as a result of linking them to the consumer price index rather than the retail price index? That is to be compensated for only by the short-term measure of increasing the child tax credit. Surely this is not a Budget that is fair to the poorest but one that will leave people who rely on those state benefits in a much worse position.

Angie Bray: I have to say to the hon. Lady that needs must, to an extent, and we find ourselves in these problems thanks to the appalling governance of the Labour party. I also suggest that part of the problem, and the reason why I agree with her that many will feel the pain, is that the previous Government had a record of allowing a dependency culture to grow. Far too many people in this country depend on benefits, and we need to turn that around if we possibly can.

Matthew Hancock: Does my hon. Friend share my surprise that Opposition Members can possibly comment on the fairness of the Budget, given that under the Budget as a whole the richest will pay the most and the poorest will not, and that when they were in office, they doubled the tax of the lowest-paid in this country?

Angie Bray: My hon. Friend makes an extremely good point, and let us not forget that the gap between the rich and the poor actually grew wider under the previous Government.

I believe that the measures I have outlined will help ease the unavoidable impact of the rise in VAT. I am well aware that that proposal is especially hard and will affect every single person in the country. Thankfully, food, children's clothing, books and newspapers are still exempted, but we will all undoubtedly be hit to some degree. My question, however, is this: if not a rise in VAT, which will bring in an estimated £13 billion, then what instead? If the Chancellor had not gone for VAT, he would inevitably have had to look elsewhere, including possibly at further curtailment of public spending.

Those on higher incomes will face the biggest share of the Budget burden. Tax credits will be limited to households earning less than £40,000, and the figure will go down. The 50% tax bracket introduced by the previous Government is being kept in place for those earning more than £150,000, and capital gains tax will rise from 18 to 28%. Fiscal drag will also mean more people paying higher-rate tax. I am not exactly thrilled by the prospect of any of those measures, but I accept that they play an important part in providing a fair Budget.

Prosperity for all is the long-term positive message to take from this week's Budget. To move forward and replenish the enormous hole in our finances, we must support the people who can make that happen. Britain needs positive entrepreneurs, so a reduction in the tax on the profits that they make is welcome news. Allied with reductions in business taxes, it should kick-start our economy and be the decisive action that we need to lift us out of the mess that we are in—the mess created by 13 years of a Labour Government.

In my constituency, there are many fine examples of the type of people who will drive this country forward again through their own enterprise. They will certainly welcome the rise in the national insurance contribution threshold to ease costs for employers, and the cuts in taxes on businesses small and large. The regional growth fund is a great step forward in helping small businesses get off the ground. At the moment its remit excludes London constituencies such as mine. I know that it is only too easy to present an image of London as having streets paved with gold, but as we Londoners are well aware, our capital has many areas of serious deprivation that need supporting. I hope that, in due course, the Chancellor and his team will consider extending the scheme or taking other measures to help grow small businesses across Ealing Central and Acton.

I would also like to put in a plug for Crossrail. I am delighted that the Budget allows capital projects to proceed and I greatly hope that Crossrail will be one of them. It is essential to London and particularly important in my constituency of Ealing Central and Acton.

It is fitting that the Chancellor was allowed to bring out Gladstone's original Red Box to carry his Budget to the House. There can be no doubt that Gladstone, a Conservative before becoming a Liberal, would fully support the coalition and the Budget. He was passionate about free trade and lower taxes when possible, and was clear that borrowing was no way to cover over deficits.

The coalition's task is to turn around the biggest financial deficit that this country has faced since the second world war. The Chancellor and his team have taken courageous and difficult decisions, and provided us with a Budget that gives us every chance to turn the corner, get our country back on track and, most important, open Britain for business again.

3.31 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I must say that I felt that the previous speech was derived directly from a Conservative central office handout, which was unfortunately handed out before any proper examination of the Budget and its impact on those who benefit from it and those who do not. It is beyond doubt that the Budget is unfair, and harms those least able to defend and help themselves as well as future prospects for the recovery and development of the British economy. I want to consider that in the context of the energy and climate change theme of our debate.

The Secretary of State, in introducing the theme, purported to defend the role of the Budget in the Department's proper ambitions for a green energy economy and a green recovery in the overall economy, with prospects for green jobs and a change-round so that we produce the goods and services that we need at a fraction of the carbon output. I have great respect for the Secretary of State's commitment to the environment, climate change and energy matters, so I am sad to say that I was reminded of the well known 18th century

ballad, "The Vicar of Bray", in which the vicar of Bray intoned against popery when it was out of fashion and greatly in its favour when it was again in fashion. I hope that the right hon. Gentleman's—and, indeed, the Liberal Democrats'—principles on climate change and a low-energy economy are not affected by the expediencies that the Budget outlines.

We must take action to change the way in which our economy works in the next few years. We must keep in place the goals to ensure that we reduce carbon outputs in our economy so that we reach our target by 2050 of no less than an 80% reduction in carbon output in our country and a 50% reduction throughout the world. I hope that the Government do not resile from that target, even though they have taken away targets for waiting lists in hospitals and for house building. If they do not resile from that target, there will still be a number of imperatives—a number of which the Secretary of State outlined—in terms of the investment needed in our economy over the next few years to turn around how much of it works, and in terms of energy supply and a range of other activities.

That is why I thought, among other things, that the recent Forgemasters decision, although not enormous relative to some of those other areas, was nevertheless totemic. It was a decision for apparently short-term and expedient reasons to take away a loan—not a grant—from a company that would have invested in the future of our economy and, in particular, our low-carbon economy. I hope that the decision is not a precursor to other things for our low-carbon economy, because the coalition document sets out a number of ambitions that will work only if the investment, underpinning and Government support for such changes are put in place. They include ambitions on carbon capture and storage, a green investment bank, a floor price for carbon and a new green deal for home energy efficiency, all of which are essential pillars of that new, green, low-carbon economy. However, the prospect of a 25% cut in the Department of Energy and Climate Change's budget over the next few years suggests, at the very least, that a number of those ambitions will not be supported and funded in the way that will be necessary.

I am concerned that the ambition for a green investment bank might turn out to be no more than a re-badging exercise, unless the Government are prepared to underpin the bank in a way that will secure those investments, which will go into new methods of production and new services that would not otherwise receive support from the traditional banking sector. If the Government have turned their face against loans that produce results far beyond the ambition of this loan, that would suggest that the green investment bank might just be the re-badging exercise that I have described. I would also be concerned if the green investment bank simply sought to replace money that is already in the system—for example, the £400 million for research and development in low-carbon technologies or the £120 million for the promotion and development of offshore wind—with other means, albeit perhaps with inferior outcomes.

As for a floor price for carbon, it is one thing to have an ambition for the future. Setting aside for a moment the fact that we operate in the context of a European Union with a single market and that if our country unilaterally set a floor price for carbon, others might free-ride on it, any floor will have to have intervention to support it if it is breached. Do the Government intend to provide the assistance to ensure that a floor price can be sustained or do they think—as the Budget suggests—that these things can simply be left to the market?

The green deal has been put in place, through the carbon emissions reduction target and the community energy savings programme, while the Great British Refurb is coming up—we hope—in order to ensure that houses across the country have the energy efficiency that they will require to play their part in the new low-carbon economy. Considerable investment will be needed to underwrite efficient home insulation for social housing and homes that are without cavity wall insulation. That will require several million pounds of Government support. All that was in place prior to the general election. Is it the Government's intention to continue that underwriting or will that be left to the market as well?

A number of important aspects of the development of a low-carbon economy will require that intervention, support and underpinning. I am concerned that, instead of continuing to provide that underpinning, the intention might be to place increasing obligations on energy companies to undertake it instead. There are already obligations on energy companies concerning smart meter introduction, feed-in tariffs and the carbon emissions reduction target and, indeed, carbon capture and storage. As well as hearing about increased obligations on energy companies, we have heard that the introduction of smart meters will be rolled forward by a further three years, which will place a further obligation on energy companies to undertake the financing. Every obligation placed on an energy company increases the fuel price and puts more people in fuel poverty as a result. For every 1% increase in the fuel price, 40,000 people go into fuel poverty.

Is the Budget going to be fair when it increases VAT not necessarily on domestic fuel but on fuel across the board elsewhere, which also indirectly but eventually pushes up fuel prices, leading to more people living in fuel poverty in the future? Will the mechanisms ensure that fairness in fuel access and fuel price becomes a real part of the country's future energy economy?

The final important totem to watch carefully is whether the renewable heat incentive happens over the next year. Will the Government put in the underwriting to make that renewable heat incentive work? If they are not prepared to do that or to make a number of the other necessary underwritings to take us towards the green economy, they will have aspirations without means and the principles set out today will prove to be nothing more than hollow promises.

3.43 pm

George Eustice (Camborne and Redruth) (Con): I am grateful for the opportunity to make my maiden speech. I start by congratulating my hon. Friends who have also made their maiden speeches today. I sympathise with my hon. Friend the Member for Staffordshire Moorlands (Karen Bradley) in her frustrations over bureaucracy and her impatience at the way in which Whitehall sometimes adds additional layers to the laws that we in this House set out. I also congratulate my hon. Friend the Member for Hendon (Mr Offord) and I completely agree with him about the importance of building aspiration.

[George Eustice]

I would like, too, to congratulate the hon. Member for Kingston upon Hull East (Karl Turner), who I believe has just left the Chamber, on a very articulate speech. That might be something that the constituents of Kingston upon Hull East take a while to get used to. I am grateful to the hon. Member for Eltham (Clive Efford), he has also left the Chamber—for his colourful description of, and personal perspective on, the new coalition, although when I heard him discussing the Stockholm syndrome, I wondered whether he was talking about the process whereby Labour Members stuck with their former leader, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), for such a long time.

The seat that I represent is a three-way marginal, as was the former constituency of Camborne and Falmouth. The election left me with a majority of just 66 over my predecessor, so it has certainly lived up to its reputation again this time around.

It is a special honour for me to represent my home town. I was brought up between Camborne and Hayle, in Cornwall, and my family have lived and worked in the area for more than 400 years. When one has such deep roots in a constituency, one feels a special responsibility for its long-term future.

My predecessor, Julia Goldsworthy, was also local, and came from a well known Camborne family. I pay tribute to her work for the seat in her five years as a Member of the House. When she was elected she was the youngest MP in England and one of the youngest in the country. She was quickly promoted within the Lib Dems, and became first a health spokesman, later shadow Chief Secretary to the Treasury, and finally Communities and Local Government spokesman. She also campaigned locally, most notably on water charges and the injustice in the south-west whereby just 3% of the population are expected to carry the burden of maintaining 30% of our coastline. I, and many other Devon and Cornwall MPs, will be persistent in pushing that agenda forward and trying to find a policy solution that ends that injustice.

Camborne and Redruth is a diverse constituency. To the south is the peace and tranquillity of the Helford passage and some fantastic gardens such as Trebah and Glendurgan, with their collection of plants. To the north is the rugged splendour of the north cliffs and undoubtedly one of the best beaches in the country at Hayle, with three miles of golden sands. At its heart, however, are the three industrial towns of Camborne, Redruth and Hayle, which have made a remarkable contribution to the industrial revolution. The steam locomotive was invented there by Richard Trevithick, the famous Camborne engineer, and the first ever gas lamp was invented by William Murdoch in Redruth. Ever since, there has been a healthy rivalry and competition between those towns and not least their rugby clubs.

The loss of the mining industry and iconic engineering firms such as Holman Brothers in Camborne dealt a serious blow to the Camborne and Redruth area. I truly believe, however, that we can be pioneers again and become the international centre of excellence in renewable energy and, most importantly, wave power. Cornwall's coastline is second to none, and we have the engineering expertise to turn ideas into industry. The wave hub project, currently under construction near Hayle, will be the first of its type anywhere in the world—the first installation that can test commercial-scale wave devices. The constituency also leads in much of the academic research work that will enable wave power to move forward, especially at the Camborne school of mines, now located at the combined universities for Cornwall at Tremough.

My No. 1 priority for the area will be economic regeneration. I was delighted to hear the Chancellor say in his Budget that he does not propose to make a further cut to total capital spending. If we want to improve our infrastructure and competitiveness and rebalance our economy, it is essential that we continue to invest in that infrastructure. He is also right, however, that we should switch the focus to creating new enterprises and businesses, and that in particular we should encourage the development of new enterprise in those regions such as mine that have perhaps been too dependent in the recent past on the public sector. There is only one way out of the current recession: through new businesses setting up and new industries being created. We need to harness a culture in which entrepreneurs are willing to get out there, take risks, have a go, and feel that they can make a difference.

Earlier, I mentioned Richard Trevithick, the most famous inventor from Cornwall. Like many pioneers, Richard Trevithick never actually made any money from his idea of building an engine, but the rest of the country did, and the world has benefited from that invention and everything that followed it. Trevithick had no regrets about what he had done. Recently, when conducting some research, I came across an interesting extract from a letter that he had written. I shall end with this quotation, because I think it makes a very valid point.

> "I have been branded with folly and madness for attempting what the world calls impossibilities, and even from the great engineer, the late Mr. James Watt, who said to an eminent scientific character still living, that I deserved hanging for bringing into use the high-pressure engine. This so far has been my reward from the public; but should this be all, I shall be satisfied by the great secret pleasure and laudable pride that I feel in my own breast from having been the instrument of bringing forward and maturing new principles and new arrangements of boundless value to my country. However much I may be straitened in pecuniary circumstances, the great honour of being a useful subject can never be taken from me, which to me far exceeds riches."

I believe that as we face the present economic challenges and try to deal with the environmental challenge of climate change, we can learn a lot from pioneers such as Richard Trevithick. What we can learn is that Government cannot simply drop all the answers. I have heard a great deal in the debate today about how Government can do everything, but they cannot. In the final analysis, we need talented individuals to come up with the solutions. The role of Government is to enable those individuals, not to try to replace their role.

3.51 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I welcome you to your seat, Mr Deputy Speaker. I also congratulate the hon. Member for Camborne and Redruth (George Eustice) on his excellent maiden speech, and my hon. Friend the Member for Kingston upon Hull East (Karl Turner) on his.

Many of my hon. Friends have already raised their objections to the Budget. I share all those objections. As was pointed out by my hon. Friend the Member for Telford (David Wright), the Budget attempted to rewrite

history, completely ignoring the world economic crisis. This is the first Budget of the 21st century that hits those who are worst off the hardest. Contrary to what was said by the hon. Member for Ealing Central and Acton (Angie Bray), who used the phrase "needs must", the Tories told us throughout the election campaign that there would be no cuts in front-line services. There is no possibility of cuts of more than 25% in Government Departments without front-line services taking a hit.

I want to focus on two very different elements of the Budget which will have a negative impact on my constituency. The first is the appalling news that the Sure Start maternity grant is to be restricted to the first child. That raises a number of obvious problems, not least the moral hazard of cutting benefits for low-income families and their newborn babies when they need help most.

It seems obvious that, in the interests of all of us, children from low-income families should be supported as much as possible. The proposal in the Budget is less than clear. Will the restriction of the grant to a first child mean that those who did not take the benefit when they had their first child and are now having their second cannot receive it, even if they need it? That seems particularly likely to happen in a number of instances, especially following the recession. Moreover, the Budget seems to make no provision for a number of "blended" families. What of the mother with her first child who is the father's third? Will that family be eligible for the grant? What of families in which a child is born while an older baby is still using the necessary equipment, and what of twins?

The Government will undoubtedly attempt to justify the cut by saying that the grant is intended to buy permanent equipment such as prams, cots and sterilisers, items that will last and can be used for siblings, but what their decision fails to recognise is that a great deal of the grant is used after the baby is born to offset the high cost of looking after a newborn child. The grant is often spent on nappies, milk, other food products, clothes, medicine, and any number of other perishable items that cannot be used for more than one child.

Furthermore, while it is somewhat more likely that a family with a second child will already have the necessary equipment, it is by no means reasonable to make such an assumption. That is especially true of low-income families who will often buy cheaper, less durable equipment that simply will not last long enough to be used by later siblings. Even if it were reasonable to assume that a pram, for example, could be used for a second child as well as a first, what of the third or fourth? The estimated cost of bringing up a baby during its first year is £4,000. I know from speaking to many constituents that the £500 Sure Start maternity grant has afforded babies in Wavertree a better welcome to our world.

The Chancellor said on Tuesday that his Budget would protect the most vulnerable.

Robert Halfon (Harlow) (Con): The hon. Lady talked about cuts to front-line services in her constituency and I understand her wanting to protect those services, but why even in the boom times did her Government cut front-line services in my constituency, such as closing down the Territorial Army centre, cutting the budget of Harlow college by £1.6 million and closing down the Inland Revenue office? Why are Labour cuts ignored and Tory cuts condemned?

Luciana Berger: I thank the hon. Gentleman for his comments but I do not agree with them. My point was that the Conservatives campaigned during the election on a pledge that they would not cut front-line services. That will not now be the case.

Toby Perkins: Does my hon. Friend share my confusion? Have we not been told for the past six weeks that the Labour Government spent too much money? It appears now that we were cutting all the time. Is she as confused as I am as to the policy of the Government?

Luciana Berger: My hon. Friend makes a very good point. *[Interruption.]*

Mr Tom Harris (Glasgow South) (Lab): My hon. Friend is making a powerful and significant contribution in talking about the difficulties that younger parents in particular have in bringing up their first and second children. What conclusions does she draw about the Conservatives' approach to those difficulties from the fact that Conservative Members are mocking her and laughing when she is trying to make a serious point about the difficulty and cost of bringing up children?

Luciana Berger: I thank my hon. Friend for making his point and I am disappointed by the response from Conservative Members.

On Tuesday, the Chancellor said that his Budget would protect the most vulnerable. I urge the Government to address the question of what limiting support to the firstborn will mean in practice. No family that needs help should miss out and, contrary to the Chancellor's declaration, this cut will affect rather than protect the most vulnerable.

The second very different element of the Budget I wish to raise is the remarkably short-sighted decision not to introduce tax relief for the UK video games industry, which makes a valuable contribution to the UK economy: in 2009, it generated £2 billion of sales, added approximately £1 billion to the UK's GDP, raised over £400 million for HM Treasury in tax revenues, and employed more than 28,000 people. It is an export-oriented, high-tech, highly skilled, low-carbon industry.

As we speak, the best developers are leaving the UK and going to Canada and the USA. The UK lost 700 jobs in the sector from 2008-09; a full 7% of its work force. That not only is harmful to the UK industry and to games already in production but means that some games that would otherwise have been made in the UK are made elsewhere.

Why are so many of the video games industry work force leaving the UK at a time when global video game sales grew by 24%. between 2007-09? Why has the UK games development industry fallen from the third largest in the world based on revenue in 2006 to fifth place in 2009? It is because the UK's principal competitors in Australia, Canada, China, France, South Korea, Singapore and the USA all received national or regional state tax breaks for games production. For example, in Montreal, Quebec, there is a five-year income tax holiday for foreign specialists and research and development tax credits cover 20% to 35% of qualifying expenditure.

Other competitive nations have taken a strategic decision that the video games sector is a key element of their economy. Research carried out by TIGA, the trade association representing the UK games industry, indicates that over five years games tax relief would create or save

[Luciana Berger]

3,550 graduate-level jobs, increase and safeguard £457 million in new development expenditure and save development expenditure that would be lost without tax relief. Most significantly, introducing games tax relief would increase and protect £415 million in new and saved tax receipts for HM Treasury—far outweighing the £192 million that games tax relief would cost.

Can the Minister explain why it is stated in table 2.1 of the Red Book that the non-introduction of video games tax relief would raise an additional £190 million over the next five years? How was that figure arrived at?

In my constituency and across Liverpool there are a number of video games developers: Genemation, Bizarre Creations, Magenta Software and Playbox. Sony Computer Entertainment, based at Wavertree technology park, employs more than 600 people. Games developed over the past 15 years in north-west England alone have produced and sold over 100 million units, equating to over £3 billion in revenue.

We have an outstanding record for vision and originality of games, but it is clear to me from having spoken to a number of people in the industry that there is a deep sense of frustration. All they want is a level playing field so that we can at least maintain the UK's position, if not grow the sector, so that jobs are retained and we can compete on a fair basis.

The video games sector is an important and growing knowledge-based industry. More than a third of the work force are carrying out graduate-level jobs in games development. Average salaries exceed £30,000, which is above the national average of £22,000. There is absolutely no doubt that a cultural revolution is taking place in the games sector, whether in serious games such as educational programmes and defence training simulators or recreational games.

Interactive media industries are with us for the next century and we should be doing all we can to support the sector to be a world leader in the field. Just as we have film tax relief in the UK, the Government should uphold the commitment both coalition parties made before the election to have a games tax relief. Britain has traditionally been a leader in the field of video games development, and in many ways it still is. However, we cannot compete without the same tax incentive system that is in place in other countries.

Throughout the Chancellor's speech on Tuesday, he kept on repeating that his Budget was an accelerated decrease in the structural deficit, but as I have shown through reference to just two of the cuts announced, it is actually an accelerated attack on families. It is an accelerated attack on those who are most vulnerable, on business and on growth and jobs. I will be voting against it next week.

4.2 pm

Jeremy Lefroy (Stafford) (Con): May I welcome you to the Chair, Mr Deputy Speaker? May I also congratulate those Members who have made their maiden speeches today: my hon. Friends the Members for Staffordshire Moorlands (Karen Bradley), for Hendon (Mr Offord) and for Camborne and Redruth (George Eustice) and the hon. Member for Kingston upon Hull East (Karl Turner)? We have heard some excellent speeches, and I was particularly pleased to hear from my hon. Friend the Member for Staffordshire Moorlands, whose constituency I often have the pleasure of walking through on my very rare days off these days.

I wish to speak briefly about business finance. Some Members have talked about the lack of discussion of growth today, and growth is clearly vital for our economy. Members have referred to the importance of the private sector and of private sector investment taking us out of the situation we are in and creating jobs and tax revenues.

The Budget Red Book rightly states that small and medium-sized enterprises

"are fundamental to the economic recovery and to tackling unemployment",

and I listened with interest to the remarks of the hon. Member for Liverpool, Wavertree (Luciana Berger) about tax relief on video games. However, some SMEs continue to have problems accessing the affordable finance that they need.

It is important to put that statement in context. According to figures from the Institute of Directors, in 2001, 45% of its members were financing their businesses through bank loans and 40% through overdrafts. A recent survey shows that now only 28% do so through bank loans, 36% through overdrafts and 20% to some extent through credit cards. That is not a sustainable model for SME finance when we are looking to SMEs to be the engine that pulls us into the strong growth necessary both to tackle the scourge of unemployment and to generate the tax revenues that we so desperately need.

Why have things changed so much? An IOD survey of 1,045 directors earlier this year was revealing. It showed that 57% of businesses seeking bank finance in 2009-10 were rejected by their banks. Perhaps even more discouraging was the fact that 83% of those declined bank finance were not even offered information on the previous Government's and the current Government's enterprise finance guarantee. Indeed, personal guarantees were sometimes asked for even when the enterprise finance guarantee was offered.

The Government have increased the enterprise finance guarantee facility by £200 million for the current year to support additional lending of up to £700 million. I welcome that, but it is clear that implementation is key. The EFG will not help small and medium-sized enterprises if the participating banks do not make their customers fully aware of it. Neither will it help if the procedures are lengthy. Profitable SMEs often run into short-term cash-flow difficulties—I recently came across one such instance in my constituency—and swift and decisive help is needed in such cases. I therefore welcome the processing target, which is mentioned in the Red Book, of 20 business days for all major lenders participating in the EFG. Indeed, I think that serious lenders could do considerably better.

Although the EFG is welcome, it will not fix the problem of the lack of bank finance. The announcement that the Government will publish a Green Paper on business finance before the summer recess is an important and clear sign that they understand the situation, but we need action from banks now. Their reputation has been tarnished in recent years, and I do not make that

point with any satisfaction because they are not the only people in that position. What better way for British banking to restore its reputation than to provide most of the finance that UK SMEs need to carry out the task of profitably creating jobs and generating tax revenues?

Bank loans and overdrafts are not enough. SMEs also need greater access to riskier capital, particularly equity and quasi-equity, but the UK has not excelled in that area. The new or growing business cannot necessarily provide security for loans, so more unsecured finance is desperately needed. I therefore welcome the growth capital fund that the Government will create as part of the existing £237 million programme of enterprise capital funds. I credit the previous Government with recognising the importance of such funding and I am delighted that this Government will build on that work.

Those amounts are necessarily small. It is the Government's role to take the lead, but they cannot and do not shoulder the whole burden. In north Staffordshire, we have the Michelin development fund, which was set up by the tyre company to provide unsecured finance to local SMEs, with the specific remit of creating sustainable jobs in profitable businesses. There is also the North Staffordshire Risk Capital Fund, which invests in businesses in my constituency. It is a public-private partnership, with investment from local businesses, individuals and the regional development fund. It was set up with a 10-year life and is drawing to a close. We must ensure that it is renewed or replenished, because it performs a vital role. I will do everything I can to assist with that. In south Staffordshire, we have the Black Country Reinvestment Society, which supports firms in Stafford with secured and unsecured funding.

I believe that Members of Parliament on both sides of the House have a vital role to play in encouraging such funds to form and grow in our constituencies. In my working life in business, over more than 25 years, the greatest pleasure was in creating new and lasting jobs, and the times of most distress were when someone had to be made redundant. Working with local people to create or support such funds gives us the chance to play a direct role in helping SMEs to do the job that they want to do and that we so desperately need them to do.

4.9 pm

Mr Chuka Umunna (Streatham) (Lab): I have listened with interest to the various speeches made today and I do not think anybody denies the need to reduce the deficit. Neither do I think that my fellow Labour Members think that the answers all lie with government, but the big decisions that we are taking at the moment are about judgment and the direction in which we think economic strategy should go.

I want to pose some questions on those issues, because it is clear, on any analysis, that this Budget is going to hit everybody. My own view, which is obviously not shared on the other side of the House, is that it will hit the poorest and most vulnerable people in society hardest. How can it not, given the figures that we are looking at? The IFS data for 2012-13 leave no doubt of the Budget's regressive nature. They make it clear for all to see: indeed, the *Financial Times* said yesterday that

"the result of cuts in government services will be felt more on Nottingham's estates than by the Notting Hill set."

There has been a lot of talk in the Chamber today about comparisons with the situations in Greece and Canada, but in my view they are false. I think that the most appropriate comparison in many respects is a domestic one, and it was touched on by the hon. Member for Cities of London and Westminster (Mr Field). He is no longer in his place but he made a very interesting speech, in which he compared the present situation with the approach adopted by Geoffrey Howe and Margaret Thatcher. In fact, the Culture Secretary has been talking up the appropriateness of making comparisons with the Thatcher Budget of 1981 and the general economic strategy of that Conservative Government.

There are differences—we are in a different time, and the economic circumstances are not the same—but what is being done with this Budget has strong parallels with what was done in the early 1980s. Geoffrey Howe raised VAT from 8% to 15% in 1979, following an election campaign in which he said that his party had absolutely no intention of hiking up the tax. Today, of course, the Chancellor has raised VAT from 17.5% to 20%, following an election campaign in which he—and his coalition partners in particular—said that they had no plans to increase VAT.

Geoffrey Howe slashed benefits in the 1980s: the 1981 Budget made sickness benefits and unemployment benefits taxable, and unemployment benefit for the over-60s was reduced. The Chancellor today has done similar things today: among many other things, he has cut child benefit and disability living allowance, and reduced tax credits for young parents earning just £15,000 each.

The reactions from the national commentariat are similar too. In 1981, 364 economists signed a letter to *The Times* warning that the Thatcher Government's policies would deepen recession and threaten social and political stability. In April this year, 80 economists signed a letter to *The Times* warning that the current Tory Government's approach would lead to job losses that would affect spending and confidence and tip us back into recession.

Surprisingly, Washington in some respects took a more cautious approach, then as now. In 1981, just after Geoffrey Howe's Budget, President Reagan signed the Economic Recovery Tax Act to stimulate US consumption. This month, President Obama wrote to the Prime Minister and other G20 leaders to remind them of the dangers of withdrawing stimulus and engaging in fiscal consolidation too quickly.

What were the effects of the approach adopted by Geoffrey Howe in the 1980s? I can describe what they were in my constituency, in which I am proud to say that I have lived all my life. In April 1981 my mother was out shopping with my sister and me in the middle of Brixton when the riots broke out. I was too young—just two and half—to be able to remember what happened, but my mother remembers it well, and it was terrifying.

Soon after those riots, Lord Scarman was appointed to hold an inquiry into what caused them. It is well known that racism in the police at the time was a major factor, and the rioting was attributed to a loss of confidence in the police among significant sections of the population in my constituency and the other two constituencies in the Brixton area. However, although the report said that

"the social conditions in Brixton do not provide an excuse for disorder"

[Mr Chuka Umunna]

it added that

"the disorders cannot be fully understood unless they are seen in the context of complex political, social and economic factors".

The report continued:

"There can be no doubt that"

unemployment

"was a major factor in the complex pattern of conditions which lies at the root of the disorders in Brixton and elsewhere. In a materialistic society, the relative deprivation it entails is keenly felt, and idleness gives time for resentment and envy to grow."

With regard to the Tulse Hill estate—I have just come from that estate to the House today—it was pointed out that high unemployment, coupled with society's emphasis on material acquisition, led to both material deprivation and a sense of hopelessness, particularly among the youth. Of course we know what happened after that: unemployment rocketed beyond the 3 million barrier and stayed there until 1987.

Kwasi Kwarteng: Is the hon. Gentleman seriously suggesting that riots on the scale witnessed in Brixton in 1981 will come as a result of the Budget?

Mr Umunna: No, I am not, but I am seeking to point out what happens when people take a cold, dispassionate and inhuman approach to economics and neglect to consider the consequences of their actions.

Mr Tom Harris: I rise in part to respond to the hon. Member for Spelthorne (Kwasi Kwarteng), because it was not my hon. Friend the Member for Streatham (Mr Umunna) who suggested that riots would return to the streets of Britain; it was the Deputy Prime Minister, who said just a few weeks before the general election that the scale of cuts foreseen at the time would result in civic society breaking down in this country. Is the hon. Gentleman suggesting that the Deputy Prime Minister is mistaken?

Mr Umunna: Silence.

There has been a lot of talk about IFS and Institute of Directors reports, various statistics, the extent to which we need to reduce the structural deficit and the extent to which it is cyclical—but we are talking about people's lives, and I am deeply worried about what the approach adopted by the Government means for my constituents and those who live in similar areas. There was talk of contrived anger. My worry is not contrived; it is very real. As has been said, the Office for Budget Responsibility has revised up the unemployment forecast by 100,000 people. The Chartered Institute of Personnel and Development is saying that it is absolutely certain that unemployment will go beyond the 3 million barrier again.

I took the trouble to look into some of the cuts that Geoffrey Howe imposed on the country, and what worries me most is that they pale into insignificance compared with the cuts envisaged by the Government now. Howe cut spending by 4% between 1981 and 1984. The Chancellor is planning 25% cuts over four years.

Matthew Hancock: I thank the hon. Gentleman for giving way in his an extremely thoughtful speech. Does he not agree that we have to deal with these huge problems because of the structural deficit that we had going into the recession? Does he agree with this quotation:

"Public finances must be sustainable over the long term...If they are not, the poor, the elderly, and those on fixed incomes who depend most on public services will suffer most."?—[*Official Report*, 2 July 1997; Vol. 315, c. 303.]

They are not my words but those of the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown).

Mr Umunna: First, the deficit pre-November 2008 was primarily in some respects caused by increased spending to which those who are now in the Conservative Government were then committed. Conservative Members are continuing to promote the view that somehow there was no global credit crunch, and that the bankers, many of whom they are very friendly with, had nothing to do with it—but the general public do not buy that.

Conservative Members will have to accept that, but the real question that I want answered—I note that a Minister is still here—is: what comfort can he give to the people who live in places such as the Tulse Hill estate in my constituency that they will not have to pay the price? What measures will he take to help them to get back into work? What will he do to give them extra training and experience? Why on earth is he cutting programmes such as the future jobs fund, which I have seen working in my constituency, helping to get people back into work? The Government say that the future jobs fund is ineffective and a waste of money, but they do not have figures on which to base that assertion. The Red Book makes no provision for funding any programme to get young people back into work or into training that will replace what the Government are abolishing.

The Financial Secretary to the Treasury (Mr Mark Hoban): Perhaps the hon. Gentleman will think back to the package of cuts that was announced last month. Some £500 million of the £6.2 billion of cuts was recycled into extra training and more apprenticeships; that is where this party's commitment to growth comes from.

Mr Umunna: I am not going to say that I do not welcome things such as apprenticeships, because we need those programmes, but at the same time as the Government are putting in place 10,000 apprenticeships, they are slashing a programme that could place hundreds of thousands of people in work. I do not understand their approach; ultimately, my constituents want to know what is happening.

4.21 pm

Guy Opperman (Hexham) (Con): I remind the House that I have declared a previous involvement in manufacturing through my family firm.

Before I talk about the Budget, I wish to say something about the maiden speeches that we have heard. We heard an excellent maiden speech from my hon. Friend the Member for Staffordshire Moorlands (Karen Bradley). Her seat is similar to my Northumberland constituency, and she spoke eloquently about the contribution that can be made by tourism and farming, which I look forward to championing with her. My hon. Friend the Member for Hendon (Mr Offord) also spoke well, and the hon. Member for Kingston upon Hull East (Karl Turner) was a great deal more articulate than his predecessor in

the House. My hon. Friend the Member for Camborne and Redruth (George Eustice) said that his family lived in his constituency 400 years ago. The constituency was also the home of Ross Poldark, who found fame and fortune in the novels, and I am sure that my hon. Friend will have a similarly colourful career.

It gives me no pleasure—to a certain degree I endorse what was said by the hon. Member for Streatham (Mr Umunna) on that subject—to speak in a Budget debate when we all face such difficult circumstances. Unemployment has increased considerably in the four Northumberland constituencies. It has increased by nearly 60% over the past five years in the two Labour-held constituencies of Blyth Valley and Wansbeck, and by a similar amount in Berwick-upon-Tweed. Unemployment in Hexham has increased by 67% in the past five years.

I have heard much of what Labour Members have said in today's debate, but this is not a question of ideology. We are not Thatcher's children producing Thatcherite views. I assure Labour Members that I did not join the Conservative party until considerably after Mrs Thatcher left office, and I am not in a position in which I want to put forward such a point of view. The ideology behind what we are trying to do to put things right is a simple question of maths. We have outgoings of £700 billion and incomings of £545 billion. Those figures are unquestionable; the issue is how we address the situation.

My ideology arises from the fact that my family came to this country nearly 100 years ago as immigrants with next to nothing. They had no opportunities, save what they could make. In the 1920s—when there was a real recession and things were really bad—my grandfather came home from school to be told by his father that school was no longer an option, and he would have to be withdrawn so that he could work for his father. The three children then began to work for their father in the basement of a small flat in Islington and built up a small manufacturing business on the back of a small gift of £40. I wish to say something about manufacturing. In 1997 we made roughly as much as we consumed in this country—about £160 billion, compared with £150 billion. Now, however, we consume nearly twice what we make.

In Northumberland apprenticeships are struggling. I visited Glendinning's, a firm in my constituency, shortly before the election. I was told that the firm could not take up the Government's apprenticeships, for the simple reason that they were so complex and so administratively difficult to implement that it was better off working outside the Government's scheme and ignoring any Government money.

During the election I went round nearly all the stores in Wylam in my constituency and asked the owners what the effect would be if national insurance went up. Every single one said that if it was increased, they would have to put people out of work.

There are many responses to the Budget that we could discuss, but there has been little from the Labour leadership. I have listened to the debates so far, and yesterday I listened to the hon. Member for Harrow West (Mr Thomas), who uttered not one word about what he would do differently. It is all very well saying that the Labour Government were going to cut the deficit by 50% in a number of years—but surely the question is what would they cut, and what would they do differently? The answer to that is fundamentally lacking from the Opposition's arguments. It is a bit like watching the French football team: everything is wrong, but they have no alternatives.

I have also read in detail the speeches of the shadow Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), and the right hon. and learned Member for Camberwell and Peckham (Ms Harman), who spoke on Tuesday. The only features of which she spoke in support were the capital gains tax measure, the 50p tax and the bank levy.

Earlier today, to support his argument, the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke) quoted the right hon. John Smith saying, "I judge a Budget on what happens to a person living on a council estate." We have a number of council estates in my constituency, and during the election we constantly articulated the view that to spend £400 a week while making only £300 a week is to head for financial disaster. Everyone can understand that.

We have heard a lot in our debates in the House about various organisations' comments on the Budget. I represent a north-east constituency. The North East Chamber of Commerce, an august body which represents more than 4,000 businesses and more than 30% of the region's work force, says:

"The Budget clearly contained a number of painful measures on...taxation and spending. However... Funding for a strategic economic development body in the North East was maintained".

The NECC continues:

"Reductions in employer National Insurance (NI) contributions and headline Corporation Tax are welcomed by businesses, as is the extra exemption on NI in certain regions".

It says:

"The Chancellor was right to avoid further capital spending cuts and to confirm spending on the Tyne and Wear Metro".

The NECC goes on:

"The scale of the public finance deficit clearly required radical action... NECC believes the measures taken broadly support the wealth-creating part of the economy in the North East."

It adds:

"Freezing public sector pay and reforms to pensions were difficult but necessary decisions to address the deficit and help reduce the need for large job cuts in the region's public sector."

The NECC welcomes—*[Interruption.]* Bless you. I welcome the hon. Member for Washington and Sunderland West (Mrs Hodgson), a fellow north-east Member, who is suffering from hay fever. I am happy to have accepted her intervention, brief though it was.

The NECC has also welcomed the increased thresholds for employer national insurance contributions and changes to the headline rate of corporation tax. The one criticism I put to Treasury Ministers is that, like the NECC, I find it

"disappointing to see no change to empty property rates, which we continue to see having a punitive effect"

on businesses, not only in the north-east, but throughout the country.

On capital spending, it is wonderful to see that the Tyne and Wear metro will go ahead, and that the A1 will finally see some form of action, which has long been supported by many hon. Members—albeit that the money still has to be found.

[Guy Opperman]

As I was sitting here this morning representing a fundamentally farming constituency during questions to the Department for Environment, Food and Rural Affairs, there was a brief sighting of an interesting and rarely seen—in the House for the past six weeks—individual, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown). He is not normally seen at DEFRA questions, and like a small badger he nipped in and, alert to a possible cull, nipped out again very quickly, before any of us could question him in any way whatever, whether on DEFRA questions—not something that I necessarily think he would have been seeking to answer—or on Budget matters. It would have been wonderful to have had the opportunity to ask the former Prime Minister just what he had to say about the state of the budget. I would certainly have wanted to make the point that we are set to miss his golden rule by £485 billion—quite a significant miss, one might think. One thing is for sure: when he is brought to account in this House, he will have to answer for the state of the nation and the country's finances. He may run, but he will never hide from that issue. He has much to account for, and we will ensure that he does so.

I finish by recommending a study of all the finances. Some aspects might be due to other factors, but most of what we now see happened on the watch of the previous Government. I recommend the Budget to the House.

4.32 pm

Valerie Vaz (Walsall South) (Lab): It is a pleasure to follow the hon. Member for Hexham (Guy Opperman). He does his family proud. They will be very proud of him and the speech that he made today. It is also a pleasure to listen to all those who made their maiden speeches. They will do their constituents proud.

Thank you, Mr. Deputy Speaker, for allowing me to speak in the Budget debate. There was an audible gasp around the country, and that was just from the parents whose children had finished their GCSEs, and that includes my own daughter Liberty, my nephew Luke and 630,000 other 15 and 16-year-olds. They have worked hard and given up many activities, so that when August comes no one can say that they did not work hard and that exams are getting easier. When they end up here, as some of them will do, I hope that they will not condemn us by saying that we just taught them how not to pass exams and did not give them a decent education. We should acknowledge the efforts of their teachers, too. My husband Paul is waiting for an Ofsted inspection, so there is another major event in the family. I was pleased to invite his school, St Mary's Roman Catholic primary, to the House. They came on Monday, and were greeted by their MP, the hon. Member for Brentford and Isleworth (Mary Macleod).

The Secretary of State for Education could learn something from those young people. He seems to misunderstand the word "free". He wants people to set up free schools, but they are not free; the money is coming from the public sector and coming from taxpayers so that some people can say, "We're setting up vanity schooling;" and that is just what it is.

Much has been said about public sector workers, and it is here that I have to declare an interest because I have friends and former colleagues who work in the public sector. I know how hard they work. They work beyond their contractual hours, and when there is a recruitment freeze, they pick up the slack and carry out the work created by the vacancies. They went into the public sector because they wanted to serve the public, and their only perk was a decent pension. They have never had a large wage compared with those in the private sector. They are the people who serve the House, who turn policy into legislation and who defend the Government. Instead of being accountable to members of the public, they seem to be accountable to accountants. They know where the budget can be trimmed. Every single minute of their working day is accounted for.

Public sector workers work beyond the call of duty just to ensure that the wheels of this country turn. They always act in the public interest and are committed and loyal to this country. I note that the Government want to hear from them about how to make cuts, but that old cliché of turkeys voting for Christmas comes to mind, because no one will say, "Here, have my job. Take this as a cut." The Government should carry out a skills and policy audit of each Department, because that way they can decide their policies and priorities. I note from the Chancellor of the Exchequer's speech that he has asked Will Hutton to look at plans for fairer pay throughout the public sector, and I ask the right hon. Gentleman to extend that remit to those private companies that received public money in the bail-out.

Will Hutton said himself in an article in *The Observer* that even John Lewis, the founder of the department store, thought it extraordinary that a chief executive should receive almost 20 times' the pay of other workers. President Obama's pay tsar is doing exactly the same in the United States, and Will Hutton's remit should be used to renegotiate the payouts and compensation made to those who have received exceptional taxpayer assistance.

Much has been said about the private sector mopping up after the public sector, but the reality is there to be seen in my constituency. On Saturday I met a delegation of workers from Maple Leaf Bakery in Raleigh street. They told me how they are under pressure to sign a new contract at different hourly rates. If they do not, and even if they put in a letter of protest, they will be sacked, so they either accept the new rate or go. The rate has been reduced from £8.48 an hour to £6.88. Those people make our daily bread. I met them, and some have been at the factory for more than 37 years, so they have the skills. If there had not been a minimum wage, who knows what their pay would be? ACAS has been involved, and all that the workers want to do is work. They have a way forward and have suggested a team to look at ways of reducing waste, upgrading the plant and cutting the number of managers. Its parent company in Canada is making a loss, but the company in my constituency makes a profit. My hon. Friend the Member for Bolsover (Mr Skinner), commonly known as the beast of Bolsover, is sadly not in the Chamber, but he described the events of the economic meltdown as an "economic tsunami". I could not put it any other way.

People forget that when the Prime Minister attends the G20 summit at the weekend, he takes with him the legacy of my right hon. Friends the Members for Kirkcaldy and Cowdenbeath (Mr Brown) and for Edinburgh South West (Mr Darling), who did not blink in the face of the

huge financial pressures and meltdown but steered the ship of state into safer waters. That is the true legacy of the past 13 years.

4.38 pm

Sajid Javid (Bromsgrove) (Con): I pay tribute to those hon. Members who have made their maiden speeches today. My hon. Friends the Members for Staffordshire Moorlands (Karen Bradley), for Hendon (Mr Offord) and for Camborne and Redruth (George Eustice), and the hon. Member for Kingston upon Hull East (Karl Turner), all made excellent maiden speeches.

After 13 years of Budgets that were predicated on the mistaken notion that boom and bust had ended, it is hugely reassuring to see a Budget that restores some fiscal sanity. This Budget puts at the heart of our economic policy the restoration of our nation's finances and the laying of foundations for stronger economic growth. In response to the hon. Member for Walsall South (Valerie Vaz), however, I must add that we do not know what the previous Government's legacy is, because some costs of the past two or three years' actions have yet to be borne—but will be unless this Government take preventive steps.

I shall not dwell on what has been bequeathed to us, but I must mention a few statistics that speak for themselves. The budget deficit is more than 11% of GDP, and the largest of all advanced nations; the visible national debt is 68% of GDP; and a record 28% of the adult working population—8 million people—are currently described as "economically inactive". Despite all Labour's efforts, no amount of spin can hide the truth of the abysmal inheritance that we have been given. Once again, it has been left to a Conservative-led Administration to clean up the mess of a former Labour Administration. As it says in the Budget, we have to start doing that by addressing this record peace-time deficit.

I am somewhat surprised that Labour Members continue to act as though we can keep living beyond our means, when only £3 in every £4 of Government spending is raised through general taxation. Only eight weeks or so ago, even the Labour leadership admitted during the election campaign that if they won the election they would have to carry out severe cuts as well. There were various estimates, but they averaged about 20% of real cuts in unprotected Departments over the course of the next Parliament. Notably, the then Chancellor of the Exchequer said in an interview that if he were re-elected he would have to make bigger and deeper cuts than Margaret Thatcher did in her time. Now, however, Labour Members act as though those cuts are not necessary and we are able to make a choice.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): It is not the reduction of the deficit that is the point of conflict between us but the scale and the speed of doing it. Doing it in the way that has been proposed risks pushing the economy back away from growth and into recession. In that situation, the deficit will increase, not decrease. Does the hon. Gentleman accept that point?

Sajid Javid: The hon. Gentleman's own party said before the election that it expected to make very large, severe cuts, in the order of about 20% in real terms. Our Budget proposes cuts of about 25% in real terms in unprotected Departments. Is he really saying that the only thing bothering him is a difference of 5%? I have not heard anything from Labour Members in the past two or three days that remotely suggests how they would achieve the 20% cut that they have talked about.

James Carville, who was President Clinton's political adviser, once famously said:

> "I used to think if there was reincarnation, I wanted to come back as the President or the Pope or a .400 baseball hitter. But now I want to come back as the bond market. You can intimidate everyone."

Soon after that, President Clinton abandoned his plans to increase borrowing, recognising instead that, even at that time, he had no choice but to balance the budget. I have traded in the international bond markets for many years, and working on a trading floor I saw for myself just how severe the financial crisis was. There is no question but that we would have faced economic problems regardless of the actions that were taken by the previous Government, but their actions made things worse, and that is the key. The situation has been made worse by the huge amount of borrowing that we have taken on since that time.

Mr Tom Harris: Does the hon. Gentleman believe that it was right for the Government to bail out Northern Rock?

Sajid Javid: Personally speaking, on my own behalf, I would not have carried out the bail-out in such a way. I think that the true consequences and costs of that bail-out are yet to be borne out.

I know from my own experience of the bond markets that they take no hostages. We now depend on them utterly for the nation's finances. My right hon. Friend the Secretary of State was absolutely right to point out that we face a major sovereign crisis unless we take serious action. Some Labour Members have said that it does not look as though we have had problems with financing our budget deficit to date. We borrowed about £225 billion in gilts in the last financial year, but at the same time, the previous Government, through the process of quantitative easing, printed about £225 billion of new money. It is therefore not difficult to work out how, in effect, much of that borrowing was paid for.

The United States was the only other major economy that went through a process of quantitative easing, and we cannot use it as an example to compare with ourselves because, as we know, it has a reserve currency and we do not. That makes its situation entirely different when it comes to such an economic policy. The only other country in the world that I can think of without a reserve currency that went ahead and printed money at about the same time as us—indeed, before—was Zimbabwe. It is rumoured that the Finance Minister of Zimbabwe sent a note in 2008 to the then Chancellor of the Exchequer offering him his economic advice in exchange for lifting visa restrictions on him and his family. I think the then Chancellor took the advice but did not give anything in return.

The bond markets are picking off grossly indebted nations one by one with rising bond yields and falling prices. We have heard today about Greece, and we have seen what has happened in Ireland, Portugal, Spain and Italy. Those who observe the markets carefully need only look at what has happened, to a lesser extent, in France in recent weeks, where problems have started. That is why France, too, recently announced an austerity

[Sajid Javid]

package. We have no choice but to reduce the record budget deficit, or else we will face an economic crisis of cataclysmic proportions.

Chris Williamson (Derby North) (Lab): I would be interested to hear what the hon. Gentleman has to say about Professor David Blanchflower's comments yesterday. He said that the Budget made him more certain that there would now be a double-dip recession, with no room for manoeuvre because interest rates are already so low. Would the hon. Gentleman comment on that?

Sajid Javid: Yes; Professor Blanchflower has been consistently wrong for the past three years since the crisis started, and he was wrong in what he said yesterday.

We have no choice but to cut the deficit, and that requires both cuts in spending and the raising of taxes. As we have heard today, we have to a strike a balance between the two, and the burden must fall on public spending. We have no choice about that, because if we raise taxes too much we will destroy the very incentives that we need to create the growth that will get us out of this economic mess.

As we go through that process, we must naturally try to protect the most vulnerable as much as we possibly can. Opposition Members have accused us of being ideological about the matter, but how can we be anything else? They are absolutely right, and there is no shame in it, because there is an ideological difference between what they believe and what we believe about how to get our country back on track and our economy going.

The Opposition believe in some kind of Alice in Wonderland economics in which we can go on living beyond our means year after year. We believe in the real world, where we have to pay our way. They believe that the state has the answer to all society's problems, but we believe that individuals, helped by the state, have the answers. They believe in an ever increasing welfare state, in which people are tied down and not allowed to profit from their own industry, and we believe in helping the most vulnerable in society—those who cannot help themselves—but freeing those who can work for themselves and earn an income, and giving them the incentives to do just that. Because of that, we believe that we can get more out of our constrained budget, repair our economy and create a fairer and more responsible society.

Mr Tom Harris: Will the hon. Gentleman give way?

Sajid Javid: I should like to plough on for a bit, but I will give way in a moment.

The size of our national debt cannot be ignored, either. It has not been mentioned much—we have all talked about the deficit, but let us not forget the enormity of the problem caused by the national debt. Any Government will have to address it at some point. Benjamin Disraeli once said:

"Debt is the prolific mother of folly and of crime."

He should have known, because there was not just public debt at the time; I believe he had some personal debt, and he was probably referring to that as well.

After 13 years in office, Labour took our visible national debt from £350 billion to more than £900 billion—an almost threefold increase. That does not include the invisible national debt, public sector pension liabilities, which reputable organisations estimate to be more than £2 trillion, and all the private finance initiative liabilities, which grew from approximately £20 billion to £150 billion. We have a huge debt problem, which must be addressed, otherwise not only will this generation and our children pay for it, but our children's children will inherit it. Let us not forget the changing demographics in our country, where we have a growing elderly population and fewer people of working age. That means that there are fewer people to tax and fewer who are able to fund the state's activities, including repayment of debt.

The Budget addressed how to start promoting growth, which will help us get out of the mess. The Government are reducing corporation tax, the tax on small companies and on entrepreneurs' relief, and addressing some of the problems of bank lending Many banks have been held back from increasing lending since the onset of the crisis because of the uncertainty of the future economy. The Budget gives banks much more certainty about the future of our economy, and that gives them more confidence to lend.

The securitisation market has not been mentioned often in the debate. More than the equivalent of £5 trillion has been issued in the past 10 years. Many banks used that to provide funding to small and medium-sized companies and to fund mortgages throughout the world. Securitisation unquestionably caused some of the problems of the credit crisis, but we must consider that market if we are serious about getting banks to lend again. So far this year, European banks have issued €30 billion of securitised bonds, against €500 billion in the same period last year. Last year, 95% was purchased by the private sector; so far this year, 95% has been purchased by the public sector central banks throughout Europe, including ours.

We are considering a bold Budget to redress a dire situation. Its measures are thoughtful and disciplined and it aims to spread the economising process throughout the nation. No group is spared and none is favoured.

4.52 pm

Toby Perkins (Chesterfield) (Lab): It is interesting to follow the hon. Member for Bromsgrove (Sajid Javid). There was one thing in the past 14 minutes that I am glad that he acknowledged; otherwise there was little with which I could agree. However, I agreed with the admission that the Budget is ideological and that the Conservative party has delivered the sort of change that it always wanted to make and scrapped the massive improvements that the Labour party made in the public sector. It is not an economic but an ideological Budget. The hon. Gentleman's honesty, at least about that, does him great credit.

I want to consider the huge and unnecessary gamble that the Chancellor has taken with our economic recovery, and why a genuine growth strategy would enable us to grow our way out of the economic crisis without threatening thousands of people with the dole, and without threatening those who rely on housing benefit or the economic recovery. I shall also talk about the Budget's impact on my constituents in Chesterfield and Staveley.

First, I shall deal with the myth that the Chancellor had no choice and that the measures were taken out of economic necessity rather than, as the hon. Member for

Bromsgrove admitted, political ideology. That is nonsense. The Chancellor's Office for Budget Responsibility's report confirms that the borrowing requirement this year was £8 billion less than that forecast by my right hon. Friend the shadow Chancellor in March. Before the Chancellor's intervention in the Budget, we were on target for the growth forecast for 2011 of 1.25% that the shadow Chancellor had made. The OBR admitted that the shadow Chancellor's plans for spending restraint over the next four years would have halved the budget deficit by 2014-15, just as he said they would when he delivered his Budget in March.

Uniquely among the main parties, the Labour party is putting forward policies that we campaigned on in the general election a month ago. This could catch on: we could go into elections telling the public what we wanted them to vote for, and then we could come to this place and deliver those policies.

Mr Tom Harris: That's not the new politics.

Toby Perkins: My hon. Friend makes a valid point: it probably is not the new politics, but it is something that political parties should perhaps consider.

Hon. Members should remember that the previous Labour Government were the first Government for many years to start paying off the national debt. The stringent financial rules that the former Prime Minister put in place during his long stint at the Treasury put this country into the position whereby we entered the recession with the second lowest debt to GDP ratio in the G7.

Jacob Rees-Mogg (North East Somerset) (Con): Is it not the case that the only time when the economy was run properly under the previous Government was when they followed Conservative spending plans in their first three years?

Toby Perkins: It certainly is not the case. The hon. Gentleman should remember that in 1997 we inherited hospitals that were in a disgraceful state and where people died of things that they could have been treated for, if only they had got to the top of the waiting list. We should also remember that we inherited schools where the roofs leaked every time it rained. Our children were educated in quite disgraceful conditions. That was the legacy of 18 years of the Conservatives, which is why when they lost, they lost so massively that they were not even credible as a party for another 13 years.

Mr Tom Harris: May I congratulate my hon. Friend on a terrific election result in Chesterfield? Does he share my bewilderment—and, I have to say, amusement—at the efforts by the Chief Secretary to the Treasury and the Business Secretary to claim not only that they were wrong to oppose an increase in VAT, but that they have miraculously transformed VAT from a regressive tax before 6 May into a progressive tax now?

Toby Perkins: I was certainly bewildered by the Secretary of State for Energy and Climate Change's contribution in opening this debate, and by the idea that when the Liberal Democrats talked about the tax bombshell, what they meant was that VAT was regressive only if it was levied on food, a suggestion that nobody had made and which was never part of the debate. His speech was one of the most bizarre contributions that we have heard over the past three days. I look forward to watching it on iPlayer tonight and reliving the moment, because it is something that will live long in the memory.

I want to talk about the choice that the Labour party made. What we enjoyed under the previous Labour Government was 11 years of stable economic growth. That was the longest period of stable economic growth in this country's history, yet unlike the Conservatives, we went into recession only when the entire world went into recession. The Conservatives did it differently: they could go into recession when the rest of Europe was in a strong position. It was only the global economic crisis that threw the economy off course under a Labour Government.

Kwasi Kwarteng: Will the hon. Gentleman enlighten me on one thing? What does he think the former Prime Minister and then Chancellor meant when he suggested that there would be no more boom and bust?

Toby Perkins: What he was probably referring to was 11 years of stable economic growth. What he did not foresee was that we would be hit by the biggest global economic crisis for more than 80 years. Of course, nobody foresaw that. There were no Conservative Members suggesting that the ways in which our banks were regulated would lead to the economic crisis. To pretend that you knew that that was coming or that the deficit that has been built up is somehow irrelevant to that is just ludicrous, and no one believes you, so you really must stop trying to treat people like fools when you say that the deficit that has been created was something that happened just because we had a Labour Government.

Mr Deputy Speaker: Order. I ask Members please to refrain from using the word "you", because that means me, and the hon. Gentleman has just accused me of saying something that I have not said.

Toby Perkins: Please accept my apologies, Mr Deputy Speaker. I shall make sure that I address you and hon. Members correctly in future.

It is right to talk about the choice that Labour made, which was to protect the jobs that people relied on and to prevent an extra 500,000 going on the dole. Labour's choice was to protect the homes that people had saved up over their whole lives to be able to buy. Labour's choice was to support industry and bring forward public spending projects to keep the construction industry working when the private sector was sitting on its hands. Labour knew that the price of salvaging those jobs, those homes and those businesses would be an increase in our deficit. We delivered a plan for the recovery, which is working, and a plan for reducing the deficit after the recovery had been secured in the following year. The hon. Member for Bromsgrove told us that we could not keep living beyond our means, but of course we already knew that; that is exactly what the shadow Chancellor was referring to in the previously attributed quote. He made it absolutely clear what our strategy was.

Jonathan Reynolds: Does my hon. Friend agree that there is something deeply disingenuous about the fact that the Conservative party supported our Government spending plans until 2008—before the economic crisis hit home? They believe that we are living beyond our means, but they supported our spending at the time.

Toby Perkins: My hon. Friend effectively anticipates my speech, for which I thank him. He makes a very wise contribution. The reality between 1999 and 2008 was not that the Conservatives were calling on the Labour Government to reduce spending; quite the opposite, they were complaining about all sorts of things that we were *not spending* enough money on—from police to flood defences and all sorts of other things. Now they sit there and say that we should have known all along what was going to happen. No one can take what they say seriously.

Matthew Hancock *rose—*

Toby Perkins: Talking of no one taking the Conservatives seriously, I give way to the hon. Gentleman.

Matthew Hancock: The hon. Gentleman referred to the Labour Government's plans for significant cuts in public spending. Can he give us one single example that they have set out?

Toby Perkins: Yes, as the shadow Chancellor made clear, we would have maintained spending over the course of this year and put in place a different Budget from that of the Conservatives, along with headline measures about what future spending would be. Of course it was too early for us to have a comprehensive spending review; when the Conservatives were in opposition, did they ever do a comprehensive spending review and tell us every line of the Budget they would have carried out? Of course not. That is the reality of the situation.

My hon. Friends have pointed out that under the former Prime Minister the Labour Government led the rest of the world to the solution when the global economic crisis was at its worst. Labour made the choice to protect jobs, as I said. Just as Labour made a choice—an ethical and a political choice as well as an economic one—so the Chancellor has made his choice with the Budget. He did not choose fairness; he chose to gamble. His gamble is based on an ideology that says that the growth of the public sector somehow constricts the private sector, but it is utterly fallacious to suggest that the success of the one has to be to the detriment of the other and that the role of Government is to keep taxes low for businesses and keep out of the way. That is the wrong choice. That is taking a gamble with the recovery that Labour was delivering in a stable and managed way. It threatens our recovery at a time when the economy is still fragile.

The choice to increase VAT is, of course, regressive. When even the TaxPayers Alliance denigrates the policy as hitting the poor, we really have to listen. This will take approximately twice the amount from the incomes of the bottom 20% as it does from the top 20%, and it will stunt growth. That is acknowledged on page 97 of the Red Book, so the Chancellor is introducing a policy that he knows will stunt growth. As a business owner myself, I know that this tax will directly remove 2.5% from the bottom line of my firm if it were not passed on to my customers.

I also know that cuts in corporation tax are not as important as having a market in which one can make a profit. While the VAT cut introduced by Labour in 2008-09 stimulated growth, this VAT increase will take about £300 out of the average family's pocket at a time when families are crying out for more help from Government, not less. That will have a knock-on effect on business. The Government seem to think that reducing the corporation tax burden, already historically low on businesses, will stimulate growth, without recognising that the environment in which businesses trade is the most important part of making a profit.

Taking money out of the pockets of consumers also takes money out of the pockets of businesses. It increases redundancies and business failures, and it stunts our ability to grow our way out of recession. For the hundreds of extra businesses that will now struggle to stay afloat, the thought of a cut in corporation tax will merit little more than a mirthless laugh. At every level, the Budget stunts growth. Cutting the allowances on which manufacturing firms were relying, and replacing them with a corporation tax cut over the next few years, will result in businesses being less likely to invest and more likely to focus on bottom-line profits.

The starkest aspect of the Budget, however, was a complete lack of a sense that the Liberal Democrats have been a moderating influence on the Tory plans. Where were the Lib Dem influences in this Budget? Seriously, does anyone in the House believe that if the Budget had been delivered by a Tory majority Administration, the Liberal Democrats would have marched through the Lobby and supported it? I will take that as a no. Where was the £2 billion capital gains tax increase? It was less than halved. Where was the commitment to restrict tax relief on pensioners to the basic rate? It disappeared. Where was the mansion tax? It does not exist. Where were the green taxes? How can one justify a £2 billion bank levy that will be compensated by corporation tax cuts for the banks that caused so much damage? Where was the Robin Hood tax on bank transactions, which would have brought in more than treble the amount?

Simon Hughes: Will the hon. Gentleman give way?

Toby Perkins: I am afraid that I do not have time.

This was a Tory Budget without a shred of Lib Demery about it. I will applaud the hon. Member for Colchester (Bob Russell) if he sticks to his guns and refuses to vote for it. The Chancellor had a choice: he made the wrong choice, and we will all pay a heavy price for years to come.

Mr Deputy Speaker: Three Members wish to catch my eye, and I intend to call the winding-up speeches at half-past 5. I am sure that Members will wish to show their characteristic generosity in sharing the time.

5.7 pm

Nick de Bois (Enfield North) (Con): Thank you, Mr. Deputy Speaker. I shall do some immediate live editing to meet your request.

As a relative newcomer to the Chamber, let me say that we need to remember that there is no such thing as free money. The vast sums that we are discussing have had to be earned by people, and those same people will pay the price for the failed policies of the previous Administration. We should bear in mind the fact that they will be making sacrifices because of Labour's mistakes.

In a former life, I was fortunate enough to be able to run my own business. During 20 years in the private sector, I have enjoyed the ups and downs that go with that territory, as well as sharing the challenges and opportunities that all families face. Given that reality, I recognise that this Budget, and the legacy we have inherited, will hurt people, and will hurt some in their pockets. Obviously, no Chancellor would wish to give such a Budget, but it is the one that any responsible Chancellor would have to give.

We are like the receivers coming in to clear up the chaos left by the previous owners. It falls to us to tell the shareholders, the staff and stakeholders what must be done to save them from bankruptcy. In government, Labour Members were always keen to hold company directors to account for their mistakes, and would often pursue criminal prosecution. I notice that there is not the same alacrity to do so with the right hon. Members for Kirkcaldy and Cowdenbeath (Mr Brown) and for Edinburgh South West (Mr Darling).

In the limited time available, I want to focus on enterprise in the Budget, because my constituents in Enfield North will welcome steps to protect jobs and create an enterprise environment that can create new jobs—and why not? Given the 15% annual increase in the number of jobseeker's allowance claimants under 24 and the 30% drop in the number of vacancies, jobs are clearly a key issue in our area.

By reducing the burden of taxation and regulation, the Budget will give business the confidence to invest in the long term, which is crucial. The hon. Member for Chesterfield (Toby Perkins) suggested that the tax cut for companies would be of no value and would do nothing except, perhaps, create extra profits for those involved. That is nonsense. According to a survey of its members by the Federation of Small Businesses, 42 per cent. of small firms will use savings from tax cuts to invest in growing their businesses, 20% will use them to employ more staff, and some 22% will try to invest in new services and products. We must allow our companies to invest and, in doing so, create jobs.

I welcome the benefits to increase the level of business rate support temporarily for new businesses. We are trying to introduce help in the regions, and the exemption from national insurance for the first 10 employees will certainly be welcome. Let me, however, introduce a note of caution, and ask my colleagues to bear it in mind. I do not want to see the emergence of a series of phoenix companies that may wish to take advantage of the exemption as an aside. This is not the occasion on which to discuss the merits of phoenix companies, but they have the potential to abuse what is otherwise a very welcome policy.

Above all, I welcome the Government's commitment to urging banks to promote small and medium-sized enterprises in particular. That too is crucial. Many people in my constituency and—I declare an interest here—in my own experience have seen the abject failure of banks, some of them owned by the people, in that regard. Many pursue a twin-track approach: they tell us that they are publicly committed to lending to SMEs, while in the real world actively discouraging them from applying for loans. Such disgraceful behaviour should not be allowed to continue without comment. I for one will be watching the banks carefully and holding them to account in the future. Their behaviour explains why, according to the FSB report, only 18% of its SME membership apply for loans, and only 9% are awarded them. SMEs are being discouraged from applying, and that is distorting the certificates.

Andrew Bingham (High Peak) (Con): I agree with what my hon. Friend has said about the banks. Will he also acknowledge that hard-working counter staff are being criticised by members of the public although they are not to blame for the difficulties that the banks have caused? They have been working very hard, and they are being unfairly criticised.

Nick de Bois: I thank my hon. Friend for highlighting that distinction. Indeed, it does not apply only to those working on the shop floor. Many senior managers are clearly being directed to follow a policy which—I am extremely pleased to note from the Budget—we are prepared to challenge. The Red Book refers to a review of the way in which banks should respond to the need to lend in the future. I realise that Britain needs its banks, but the banks need to play their part openly and honestly, and I look forward to seeing that happen. It is a key part of the proposals outlined in the Red Book.

This is a necessary Budget. It is a tragedy for our country that every 20 years or so Conservative Chancellors must make difficult decisions and accept public unpopularity for sorting out the mess left by their opponents. That has now happened again. I dislike many of the measures in the Budget, but I support them because I dislike even more the idea of our country literally going bankrupt. I hope that many of the tax rises that have been announced will eventually be reversed as our economy grows over the coming years, but our priority now is to stop the country slipping into a spiral of debt-driven decline, to rebuild our businesses, and to create jobs and opportunities to turn our economy round.

5.15 pm

Matthew Hancock (West Suffolk) (Con): It is an honour to be able to speak in this debate on what is, by common recognition, a Budget of historic proportions. After the Budget, I bumped into a group of former civil servants who were reminiscing about huge Budgets of the past and where this one came. They talked about the 1981 Budget that has been much discussed in this debate, and the 1970 Budget by Iain Macleod that was never actually delivered because he died before he had the chance to give it. Of course they talked about the big 1950s Budgets of Rab Butler. All those Budgets had something in common: they were Conservative, or mostly Conservative, Budgets that were clearing up the mess left by a previous Labour Administration. This one of course is no different.

The mess created by the Labour Government has not been left at their end. We know from the letter by the former Chief Secretary, of which we will no doubt hear more, that there is no money left. That only repeats a letter sent in 1964 by Reggie Maudling to Jim Callaghan, which said, "Good luck, old cock. Sorry to leave it in such a mess." Here we are at the end of a Labour Government, once again clearing up the mess.

Before we hear too much from Labour Members, we must remember the economic as well as the budgetary consequences of former Labour Administrations. Under the Attlee Administration, unemployment went up by

[Matthew Hancock]

280,000; under Wilson from 1964-70, unemployment went up by 226,000; under Callaghan, it rose by 479,000; under Blair-Brown, it went up by 460,000. In fact, the only Labour Government under which unemployment fell was Ramsay MacDonald's 1924 Administration. I am not sure that that is one that we should follow or one with which Labour Members would want to agree.

Those lessons from history teach us several things. One is that memories of the failure of an Administration run deep. We all remembered for a long time the winter of discontent. We now know that the public recognise that many of the measures proposed in the Budget are Labour cuts because they are the response to the legacy that Labour has left. As my hon. Friend the Member for Enfield North (Nick de Bois) has said, it is a responsible Government who pick up the pieces following the irresponsibility of a Labour Administration who sent us into a recession with the largest budget deficit in the developed world.

Opportunism and oppositionism make life harder in opposition, rather than easier. We have seen so many times from Labour Members today and in the debate on the Queen's Speech the pointed finger and heard their lists of cuts, with almost no recognition of the need to deal with the size of the deficit that existed before the election.

There was one exception to this: the hon. Member for Streatham (Mr Umunna) made what I thought was an extremely thought-provoking speech. But at the end, he accused the Government of having nothing to say about reskilling and helping the unemployed. He was quite literally stumped and sat down after he was intervened on by the Minister who explained some of the proposals that the Government have put forward to help to lower unemployment and improve skills. At that point, the speech quite literally disintegrated. We have seen that repeatedly over the past few days.

Many Labour interventions have been based on accusations that are groundless. One is that the OBR shows a reduction in growth thanks to the Budget, but the OBR itself describes the contrast between two of its forecasts as misleading. It ignores the effect of the reduction in interest rates in the international bond markets that has happened since the election because of the anticipated action to deal with the deficit. Those interest rates have fallen further today. They are now half a point lower than at the election, and the total fall has been more than 10%. That is having a positive impact on companies throughout the country.

As Labour marches to the left, with its lengthy leadership contest meaning that the competition for taking up ever more left-wing positions intensifies, we increasingly find that there is a lack of credibility. The coalition parties are facing up to the seriousness of the situation and supporting measures that may not all be easily palatable. We support them because we see the long-term benefit of turning our country around and getting it back on its feet. There is no way that a position that lacks credibility, and simply attacks every cut and puts forward absolutely no alternatives, will be seen by the public as anything other than sniping from the sidelines.

The centre of the debate is how we get through this difficult period. Lessons from history also teach us that clearing up this mess is crucial to the success of the Government, and that the bigger argument about turning our economy around and dealing with the problems we face will trump every complaint about an individual problem and each cut. After all, the public are yearning for a stable and secure economy—we have seen the opposite of that in recent years—and this Budget attempts to deliver it.

I strongly believe that the coalition must govern in the national interest. It must eliminate the structural deficit. I was surprised by something the shadow Chancellor, the right hon. Member for Edinburgh South West (Mr Darling), said yesterday. He said that Greece

"took far too long to do what was necessary",

and

"Had they done it in February, when the problems first became apparent, some, although not all, of those problems might have been avoided."—[*Official Report*, 23 June 2010; Vol. 512, c. 312.]

How he can hold that view and also hold the view that we should not deal with the deficit in this country is baffling.

We must eliminate the structural deficit and ensure that growth returns by supporting the enterprise package and the corporation tax cuts and, of course, by stopping the jobs tax, which was an important part of the Budget. We must solve some of the long-term problems we face such as on public sector pensions—I am delighted that John Hutton will be producing a report on reform of public sector pensions.

Many Members have spoken of the impact of the Budget on their constituencies. I know that in my constituency there will be more support for enterprise, lower corporate taxes on successful businesses, more business confidence, which will allow people to create jobs, and lower interest rates for businesses that want to expand.

It is a bold Budget. It is undoubtedly a difficult Budget, but it is the right step for the country, and I commend it to the House.

Vernon Coaker (Gedling) (Lab): On a point of order, Mr Deputy Speaker. Last Thursday, I tabled a written question for named day answer on Monday of this week, to which the Department for Education's response was that it would reply to me as soon as possible. I had asked it to name the schools that had applied for academy status, and I read in today's edition of *The Guardian* that that list is to be published tomorrow, but I have as yet received no communication from any Minister. I wonder whether at this late stage you have received any request from a Minister to come to the House to explain what is going on in respect of naming the schools that applied for academy status.

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Gentleman for notice of that point of order. I have received no such request, but I know that Ministers in successive Governments have worked late into the night and the list might be being typed out as I speak and then be delivered to him. I know that the relevant Minister will want to keep his word, and I am sure that the Government Whip on duty will make sure the message gets through.

5.24 pm

Kwasi Kwarteng (Spelthorne) (Con): I am very grateful to you for calling me to speak in the debate, Mr Deputy Speaker, and I feel privileged to follow my hon. Friends

the Members for West Suffolk (Matthew Hancock) and for Bromsgrove (Sajid Javid), who outlined in their compelling speeches why the Budget is incredibly important. The issue that we have not really focused on enough is the context of the Budget. We all—even Opposition Members—accept that the deficit is too large and that at some point in this Parliament we have to deal with it. The big point of contention between the coalition Government and the Opposition is how soon we should grapple with the deficit.

We forget the fair hopes that we had in 1997 when the then Chancellor of the Exchequer produced his first Budget, entitled "Equipping Britain for our long-term future". That was the message that he wanted to send. That financial statement and Budget report came out in July 1997, and it was in that report that he famously stated his golden rule:

"The golden rule means that over the economic cycle the Government will borrow only to finance public investment and not to fund current expenditure."

So far so good. The second rule was that he would maintain stable public finances—a requirement for our long-term economic stability.

Toby Perkins: The hon. Gentleman will be aware that those rules were changed only in the face of huge, global economic crisis. His party supported the change when the economic crisis struck, so was it incorrect to do that?

Kwasi Kwarteng: The hon. Gentleman will remember that the second rule was that

"public debt as a proportion of national income will be held over the economic cycle at a stable and prudent level."

The then Chancellor concluded the 1997 report by stating:

"These rules will ensure that borrowing will be kept under firm control."

Everyone applauded him. He was talking about prudence; he was the Iron Chancellor and very much the hero of the hour. In the same report, he referred to the recession of the early 1990s. His conclusion was that the public sector borrowing requirement rose to a peak at 7% of GDP and he said:

"The Government regards it as important that no similar risks should be taken with fiscal policy again."

That was the position of the Labour party in 1997, and in 2006 Labour was repeating the same mantra and the same pie in the sky ideas. It was saying that

"public sector net debt is projected to remain low and stable over the forecast period".

In 2007, it said:

"The Budget 2007 projections for the public finances are broadly in line with the 2006 Pre Budget Report",

and so on.

David Wright: Will the hon. Gentleman outline what spending he would have cut between 1997 and 2007?

Kwasi Kwarteng: I am merely stating the very prudent rules that the former Chancellor and Prime Minister outlined. All the rules that he set in place in 1997—*[Interruption.]* The hon. Gentleman asked a question and I want to answer it. All those rules were ripped apart. The PSBR figure of 7% of GDP, which the then Chancellor had thought was a scandal, went up to 12%. According to the very rules that he set, we have failed and been found wanting. It is in that context that my right hon. Friend the Chancellor of the Exchequer introduced his bold and comprehensive Budget on Monday. It was only because we had to do this that the Budget was introduced to this House. It was not part of any ideology or master plan; it was an act of dire necessity.

I thought that the most interesting contribution in the debate was that of my right hon. Friend the Business Secretary, who recalled with a lot of emotion and understanding the experience of 1976. It was exactly that experience, when another Labour Government had bankrupted the country and had to go to the International Monetary Fund, that he was so anxious to avoid. It is in that spirit that the Budget has been introduced to the House and that is why I am very happy to commend this Budget and to go through the Aye Lobby to vote for it on Monday.

5.29 pm

Ms Angela Eagle (Wallasey) (Lab): It is a pleasure to welcome you to the Chair for the first time, Mr Deputy Speaker. I would also like to add my personal welcome to the Economic Secretary to the Treasury; this is the first time that we have debated over the Dispatch Box since the election, although it is not the first time ever. I hope that she will accept my personal good wishes in the job that she is now doing.

I would also like to commend the maiden speeches that we have heard in the debate today. In particular, I thank the hon. Member for Staffordshire Moorlands (Karen Bradley) for her praise of her predecessor, Charlotte Atkins, who is a very long-standing friend of mine. The hon. Lady spoke passionately about her beliefs and her constituency, which I know is a very beautiful one.

In his maiden speech, the hon. Member for Hendon (Mr Offord) talked about another good friend of mine, his predecessor Andrew Dismore. Alas for the hon. Gentleman, today's 12-minute limit on speeches meant that he could not even begin to compete with Andrew's record for the longest speech in the House. However, I am sure that he will rev up and have a go at that.

Unfortunately, my hon. Friend the Member for Kingston upon Hull East (Karl Turner) is unavoidably absent from the wind-ups tonight. As the successor to Lord Prescott he has very big shoes to fill, but his maiden speech was witty and astute. He spoke about his constituency and his political credo, and I am sure that we can look forward to many more contributions from him.

The final maiden speech was made by the hon. Member for Camborne and Redruth (George Eustice), who has one of the smallest majorities in the House. He spoke about Trevithick, the railway pioneer; as he did so, I was thinking about the fact that whenever I return to my own constituency, I travel through Rainhill, where the famous and historic trials that were won by the Rocket took place—an event that brings back many happy memories as we travel to Liverpool Lime Street station.

We have heard some important speeches today, from all sides of the House. One of most intriguing was made by the hon. Member for Bermondsey and Old Southwark (Simon Hughes). I shall say more about it later, but he said some intriguing things about how he might wish to amend the Budget—particularly with respect to VAT—as

[Ms Angela Eagle]

it goes through the House. I certainly look forward to seeing the amendments that he may propose. I think that I shall look on them with a sympathetic eye if they do what we want, which is to make this Budget more progressive than it is at the moment.

Other speakers in the debate included my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke), and my hon. Friends the Members for Telford (David Wright), for Eltham (Clive Efford), for Southampton, Test (Dr Whitehead), for Liverpool, Wavertree (Luciana Berger), for Streatham (Mr Umunna), for Walsall South (Valerie Vaz) and for Chesterfield (Toby Perkins). They all made extremely important contributions.

We heard some passionate speeches from the Government Benches, and I agreed with very little of them. However, I can certainly thank the hon. Member for Stafford (Jeremy Lefroy), who was unique among Government Members in recognising that the Labour Government did some good things while in office. I thank him for his grace in accepting that, although I am not sure that it will do him in any good, or help his career.

The hon. Member for Bromsgrove (Sajid Javid) gave the game away when he revealed himself in the Chamber as a crusading small-state Conservative, and proud of it. He praised the Government's ideological basis, something whose very existence many Government Members were frantically trying to deny.

There were other important contributions to the debate today, and the short speech by the hon. Member for Spelthorne (Kwasi Kwarteng) was by no means the least among them. He asked us to look at the context in which the Budget was held, and I want to spend a little time doing that now.

We have lived through a difficult time in the last two years. We have seen the deepest and most synchronised global recession in living memory, with world GDP falling for the first time since the second world war as a direct result of the global credit crunch. That credit crunch was precipitated by monumentally reckless and greedy behaviour in the banking sector worldwide, which made a few people spectacularly rich but also impoverished countless millions of its victims around the world. I thought that the hon. Member for Cities of London and Westminster (Mr Field) probably came the closest of all Government Members to being up-front about that in his extremely good speech.

The credit rating agencies, which are now so frequently quoted by Government Members with reverence as economic oracles, were particularly compromised by the triple A rating that they awarded to complex derivatives masquerading as assets when they were in fact debts, and they did so for lucrative fees. The credit crunch was exacerbated by the undoubted failure of politicians, policy makers, economists and regulators to understand and price risk appropriately in the complex and interdependent global market. That led to a degree of complacency and the misreading of international conditions that were shared by almost every economic commentator. Hindsight is a wonderful thing, and with the benefit of it we can learn many lessons to prevent those problems from recurring—I certainly hope that we do.

Meanwhile, fiscal deficits everywhere had to rise dramatically to cope with the crisis. Our tax revenues here in the UK were significantly impacted, while spending had to rise to deal with the costs of recession. The fiscal stimulus, which was necessary to stop the global recession turning into a worldwide depression, also had an effect on the deficit. That is the cause of our deficit problem, and it is certainly not unique to this country. The previous Government were right to take the action that we did to protect people's bank deposits and to shore up the very foundations of our economic system. I am proud that we were able to rise to that challenge.

I have taken some time to outline the economic context, in agreement with the pleas of the hon. Member for Spelthorne, because in four days' debate on this theatrically named "emergency Budget", we have not yet heard any Government Member, from the Chancellor down, have the decency and the honesty to mention it at all. They wish the country to believe that, somehow, the considerable economic challenges that we now face were all caused by the previous Government's irresponsibility and have nothing to do with the greed of reckless bankers and speculators. That is arrant nonsense, and they know it.

Mr Mark Field: Does the hon. Lady not recognise that huge global imbalances built up, and that mistakes by policy makers and politicians of all colours from across the world had their part to play, rather than the problem just being caused by, as she would put it, the greed and recklessness of bankers?

Ms Eagle: I agree, and during an earlier part of my speech I listed all those people as being among those who had things to apologise for, as the hon. Gentleman will see if he reads the record.

In the prelude to the Budget, other preposterous myths have been peddled, designed to justify an austerity programme so severe that it is positively, even gleefully, sadistic. I will just mention one of them in passing. The myth says, "It's all much worse than we thought." We have heard the Prime Minister, the Deputy Prime Minister and the Chancellor all singing that refrain in recent days. They had prepared the ground, they had the newspapers all going along with it, and they had briefed their Back Benchers, who are even now loyally parroting the line. How irritating for them, then, that the facts have failed to conform to their prearranged narrative, and how positively annoying that the Chancellor's new forecasting quango—the pejoratively named Office for Budget Responsibility—should so comprehensively give the game away just before the main show. It quickly became clear that, far from all this being much worse than we thought, it was actually better:

"embarrassingly, the economy is just not playing along. Things just keep getting better."

I was quoting Fraser Nelson—that well known socialist writer—from the *Telegraph*.

Dr Julian Huppert (Cambridge) (LD): Will the hon. Lady give way?

Ms Eagle: The hon. Gentleman has not been here all day, so I will not give way to him.

In the pre-Budget report, Sir Alan Budd was obliged to point out that my right hon. Friend the shadow Chancellor was being too pessimistic—those who know him are not always surprised by that—and that on

almost every measure, the public finances are in better, not worse, shape than we expected at the time of the March Budget. Unemployment, Sir Alan revealed, would be 200,000 lower than expected, and tax revenues would be much stronger than forecast. Thus the borrowing forecast was £8.4 billion lower this year than predicted in March, and £22 billion lower by 2014-15.

Matthew Hancock: Will the hon. Lady give way?

Ms Eagle: No.

No amount—*[Interruption.]* Conservative Members have had all day to peddle their view of what is happening to the economy. I am now responding to that, and they have to sit and listen whether they like it or not.

No amount of Orwellian double-speak emanating from No. 10 or No. 11 can cover up the basic fact that things are not worse as far as the deficit is concerned, but better. Shorn of the prearranged excuse for ratcheting up the pain levels in his austerity Budget, the Chancellor has been exposed as a small-state ideologue and a true child of the 1980s. He has imposed the most brutal cuts in public spending that the country has ever experienced in peacetime for reasons of dogmatic delusion, not economic necessity. The Tories are doing this not because they have to, but because they want to. They have made a political choice, not an economic choice, and we will see the results of their return to their Thatcherite roots.

There is no electoral mandate for the economically dubious dance with dogma that is at the Budget's intellectual core. The majority of the electorate voted for parties that did not want to make immediate cuts at a time when the recovery was not locked in and our major EU trading partners were seeing their upturns falter. Those who voted Lib Dem did not expect their chosen party to experience a wholesale conversion to Tory fiscal hawkery after a quick cup of tea with the Governor of the Bank of England. They feel betrayed—and they have been.

Make no mistake: this is a very Tory Budget. It contains the largest spending cuts in our peacetime history, focused on the neediest areas of the country. It brings about a huge rise in the most regressive tax available, which will hit the poorest hardest. The decision to attempt to eliminate an 8% structural deficit in five years, and the choice of a ratio of 77% spending cuts to 23% tax rises, are more brutal than Mrs Thatcher ever dreamed of. The Chancellor has paraded Canada and Sweden as examples to follow, but as Will Hutton recently pointed out, the plans for fiscal consolidation in the Budget are three times tougher than those achieved in Sweden and twice as tough as the Canadian example. Sweden took 15 years to achieve 20% cuts in some departmental spending, but this Tory-led Government want to cut 25% in five years.

The lesson from Japan is that it is positively dangerous to attempt radical fiscal consolidation when the private sector is deleveraging, so why are the Government prepared to risk making the same mistake? Because of its error, Japan experienced a lost decade of growth and achieved the opposite of its intentions: not a shrinking deficit, but an increasing one. The Budget contains no strategy for growth beyond the usual tired old Tory refrain that the private sector will fill the gap. That is not a growth strategy, but a statement of blind economic faith that might or might not be fulfilled.

It has taken a mere two days for the pitifully thin Lib Dem veneer attached to the Budget to flake off completely. The Lib Dem leader promised us "progressive cuts", but the devastating analysis of the IFS has put paid to that absurd and oxymoronic phrase. When we take out Labour's remaining Budget changes, this Budget is deeply regressive, and it gets more regressive as the years go on and the huge cuts in welfare support and tax credits bite. It is now clear what the Deputy Prime Minister means by progressive cuts: he will cut this year, cut more next year, and cut even more the year after that. His phrase is true, when it is taken literally.

A Budget that targets £6 billion of cuts on the most vulnerable, including pensioners, by delinking benefit uprating from the retail prices index, yet hits banks with only a £2 billion levy that is being given back through corporation tax, is not sharing the pain. A huge hike in VAT that hits the poorest hardest is not sharing the pain. A deliberate decision to destroy large swathes of social support, and cutting support for the jobless and home owners when they are most under pressure, is not sharing the pain. The choices in the Budget make it abundantly clear that we are not all in this together.

Today's *Financial Times* carries an article that states:

"Ministers warn that they may have to tear up some untargeted welfare promises—such as the £4bn spent on subsidising bus travel, winter fuel and television licences for older people...One minister said that such a move was 'almost certain'".

The hon. Member for Bermondsey and Old Southwark said today that he would not allow that to happen. Well, if he wants to stop that betrayal, he has to table those amendments and carry his Lib Dem colleagues through the Lobby with us to stop this Conservative-led Budget doing even more damage. We look forward to seeing him in there with us.

5.45 pm

The Economic Secretary to the Treasury (Justine Greening): Mr Deputy Speaker, may I start by saying what a pleasure it is to give my first speech as a Minister with you in the Chair? I thank the hon. Member for Wallasey (Ms Eagle) for her kind words. I very much enjoyed debating with her when I was the shadow Minister and I look forward to continuing to do so in government.

We have had a good debate this afternoon and evening. It was broadly meant to be about the Budget in relation to the environment, but we have not heard a lot about that, apart from in the thoughtful speech made by the hon. Member for Southampton, Test (Dr Whitehead). The hon. Member for Eltham (Clive Efford) said that there is little on the environment in the Budget, but given that the Labour Government had stalled on reducing emissions and wanted to go ahead with polluting measures such as a third runway at Heathrow, I am not surprised that the shadow Secretary of State for Energy and Climate Change failed to mention the environment in the half hour that he was on his feet.

I wanted to start by reflecting on the many speeches—23 or 24, by my count—made today, in particular some excellent maiden speeches. I was delighted to hear from my hon. Friend the new Member for Staffordshire Moorlands (Karen Bradley), especially when she said that she is an accountant. Speaking as an accountant myself, I think that this House needs more of us, and I dare say the Opposition could do with a few more as well, so that they can start adding up properly.

[Justine Greening]

We also heard a great maiden speech from my hon. Friend the new Member for Hendon (Mr Offord). I remember his predecessor—indeed, I think I was present in the Chamber during that very long speech he made. If it is the one I remember, it was about animal welfare and lasted more than two and a half hours. On that occasion, the hon. Gentleman said how sad he was that his dog had died, and I intervened at one point to ask whether the dog had died of boredom. He said that it had not.

The new hon. Member for Kingston upon Hull East (Karl Turner), who is no longer in his seat, made a really good maiden speech. I hope he does not go around hitting people like his predecessor did, but his predecessor was certainly a colourful character, who brought his own personality to this place. We will see whether the new Member for the constituency can match him.

I thought the maiden speech of my hon. Friend the Member for Camborne and Redruth (George Eustice) was excellent, especially when he talked about how it is often individuals—their drive, initiative and creativity in working to tackle climate change and developing new technologies—who make all the difference. We should never forget—we on this side of the House certainly do not—that it is individuals who make the difference, not always Government alone. The latter theory has been tested to destruction by the Labour party.

We have heard a number of other speeches this afternoon, not least that of the shadow Secretary of State for Energy and Climate Change, who seemingly failed to mention anything about the environment. I have to say that the public watching the debate and hearing all the contributions from Labour Members would not have thought that they had just been through an election that they lost. It is as though they have learned nothing. They have not even paused to reflect on the message that they have just been given by the British people. They have handed over to this coalition Government an absolute basket-case of an economy, and what we have heard from Labour Members today is what we heard when we were in opposition: they always know better. They knew better in government and now they know better in opposition. They know better than the British Chambers of Commerce, which said

"The Chancellor's message that Britain is open for business will be welcomed by companies the length and breadth of the country, and across the globe".

They know better than the CBI, the Federation of Small Businesses, the Governor of the Bank of England, the G20 and the EU, which says that countries such as ours need to get on faster with reducing their fiscal deficit.

Clive Efford: Would the hon. Lady care to comment on a quote from the right hon. Member for Wokingham (Mr Redwood), who urged people hit by budget cuts to wear more clothes, turn down the thermostat and eat more vegetables? Is not that just about the most damning indictment of the Budget that we could have, from one of her own colleagues?

Justine Greening: The hon. Gentleman continues in the vein that the Opposition have adopted today, which is to try to score cheap political points. The message from the British public at the last election was that they want a constructive debate about how to solve the deep financial crisis that our country faces. We have had nothing from the Opposition. No alternative is being presented to all of the measures that were raised as concerns by Opposition Members. I presume that we can now start ticking them off as measures that the Opposition would say a Labour Government would take. We will rapidly reach the conclusion that there are no measures that the Opposition would take to solve this deficit. After all, they were happy to cancel their spending review, and now they are happy to play no role in having a constructive debate with the public and the Government about how we dig ourselves out of this mess. It is simply not true to say that the Opposition had no role in it. We were running a deficit long before the global crisis hit. That is why we went into the recession first, that is why we came out of it later, and that is why our recession was deeper. We have now had the longest and deepest recession since the second world war under the Labour Government. We need take no lectures from them.

Matthew Hancock: Does my hon. Friend agree that the Labour party's views tend to be based on misrepresentations? For instance, I think that the shadow Minister said that according to the Office for Budget Responsibility on almost every measure things were better, but on the crucial measure of the size of the structural deficit, which is the measure that will not come back with economic growth, things are worse, and that justifies the position that the Government have taken.

Justine Greening: My hon. Friend is absolutely right. Let us just talk about the Office for Budget Responsibility. I still cannot quite work out whether the Opposition support it. I am happy to take an intervention from the shadow Secretary of State to clarify that. We are none the wiser.

On the point about changing forecasts, and the OBR forecast pre-Budget and its forecast on the Budget, let me be clear about what it said about comparing those two forecasts. If the Opposition have any shred of credibility, I hope that they will pay attention to this. At the bottom of page 94 of the Red Book it says it is

"misleading to interpret the difference between the pre-Budget and Budget forecasts as the economic impact of the Budget measures."

The Opposition want it all ways. They want to quote some figures and, as my hon. Friend says, conveniently forget the key figure, which showed that the structural deficit was worse. They want partially to welcome it warmly, but to ignore what it says about the impact of comparing false statistics. They do the debate, which is important for people throughout the country as we go through an incredibly difficult process, a real disservice, because the British public need them to play a role, which should be for them as the Opposition to come up with some constructive comments. It would have been better if they could have come up with some kind of an alternative, but we have had none today.

We need take no lectures from the Opposition about fairness. This is the party that did a pensions raid. This is the party that came up with the 10p tax fiasco. This is the party that widened the gap between rich and poor.

This is the party that told us we had an end to boom and bust. It is no wonder the savings ratio in Britain went down. If people had listened to the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown)—who knows where he is now?—they would never have thought that they needed to save for a rainy day. The British people get it, because they have started paying down their debts, but the Opposition parties have totally missed the point. They seem to be living in a post-election bubble, and they have not taken a moment even to reflect on what has happened or on the verdict of the British voters, let alone to reach the stage at which they might apologise for the mess that they handed over to the coalition Government. The two parties in government have taken the decision that they need to work together for the British public's interest in order to find a resolution to our crisis, and to get ourselves out of this financial mess.

Toby Perkins: The hon. Lady has referred to the election result a couple of times, but we remember the election result in 1997 after a long period of Conservative Government, when that party lost so badly that it was out of power for 13 years. If people were so dissatisfied with the Labour Government, how come the Conservatives could not even secure a majority?

Justine Greening: The hon. Gentleman, if he is not careful, might be projecting the political fate of his own party. With this Budget, we want to ensure above all else that we start addressing our country's dire financial situation. By the end of this Parliament, we will have started to return to a sustainable set of public finances which puts us in a position to make sure that our debt is more affordable. He might think it acceptable that the average taxpayer pays almost £1,400 in interest to service the debt that his party racked up, but I do not, and over a period of years we want to get into a position where our debt is affordable once again. The process will not be quick; it will take us time, because of the gravity of the situation.

Let us make no mistake: we have no time to wait. Before the election, we had only to look across the water at some of our European partners to see what was happening to their countries. I shall draw an analogy, because in Spain the equivalent of the bank manager—the markets—said that they simply were not willing to lend to that country at the same rate of interest as previously. That debt now costs Spain's taxpayers millions of pounds more in interest than it did when their credit rating was better. Greece has gone one step further and, effectively, has the bailiffs knocking on the door.

Our Budget was all about ensuring that we do not reach the position where the bank manager says that he is going to raise interest rates on us. We as a nation cannot afford it, and British households cannot afford it. We definitely do not want to reach the stage where we have the bailiffs knocking on the door, which is what has effectively happened in Greece. I am concerned, however, because in spite of everything that has happened in our country, including the election and the state of our public finances, we have still not heard a meaningful debate from the Opposition.

Dr Whitehead: As the subject of today's debate is supposed to be energy and climate change, I wonder whether the hon. Lady has anything at all to say about the extent to which the Budget might facilitate a recovery towards a low-carbon economy, or whether, as I suspect the case may be, she does not.

Justine Greening: I am pleased that the hon. Gentleman has given me the chance to finish on that subject, because I wanted to take the time to talk about the environment in the context of the Budget.

We have said that we are determined to make progress on setting up a green investment bank; we have talked about ensuring that the green deal works, because it is critical that our housing stock be made more environmentally friendly; and, of course, the final piece of the Budget was about ensuring that we can move to a low-carbon economy that does not just put our energy strategy on a more sustainable footing, but includes the jobs that can be part of the green enterprise economy that we want to set up.

The hon. Gentleman was right to raise the matter, because too often the issue of climate change and the environment has been exclusive—the idea being, "If you can afford to save the planet, you can do it." We want to make sure that everybody in our country is able to be part of tackling climate change. That is why the green deal and the green investment bank are so important. The supply side of technologies is critical in ensuring that these markets can get the finance they need. I can absolutely assure the hon. Gentleman—

6 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed Monday 28 June.

English Language Schools

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

6 pm

Conor Burns (Bournemouth West) (Con): It is an honour to give my first speech in this Chamber as the new Member of Parliament for Bournemouth West—a new constituency that should more accurately be called Bournemouth West and Poole East, because it includes wards from the constituencies of my hon. Friend the Member for Poole (Mr Syms) and the hon. Member for Mid Dorset and North Poole (Annette Brooke). I thank the Speaker for giving me this opportunity to deliver a maiden speech in an Adjournment debate, which I understand is a slight breach of the conventions of this House.

I believe that I am standing in the same place as another new Member who breached convention some 50 years ago—Margaret Thatcher, who delivered her maiden speech when introducing a private Member's Bill. I told her on Saturday that I was going to do my maiden and had waited 50 days to do so, and she told me that it was over time to be getting on with it. In fact, in researching this speech, my team found out that Lady Thatcher waited more than 100 days; I shall point that out to her on the next occasion that I see her.

I will, if I may, say a word about my predecessor, Sir John Butterfill, who served this House for 27 years. During that time, he piloted four private Members' Bills into law, which, I imagine, must be something of a record: the Registered Homes (Amendment) Act 1991, the Insolvency Act 1994, the Policyholders Protection Act 1997 and the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007. I hope that Sir John will have time to reflect, in a good way, in the months and years that lie ahead on the totality of his 27 years of service in this place, and not just on the difficult period in the run-up to the last general election.

I suspect that it must also be unusual for a new Member who represents a constituency that has only ever had four Members of Parliament to be able to pay tribute not only to my predecessor but to my predecessor's predecessor, Lord Eden of Winton, who joined me, with Bournemouth's member of the Youth Parliament, Jasminn Osborne, on the campaign trail in Bournemouth during the last general election. Lord Eden has now served for 27 years in the other place.

I bring to the House today the subject of Britain's English language schools and the enormous contribution that they make to the economy of the United Kingdom. More than 500,000 students a year choose to learn English in Britain. That figure accounts for almost 43% of all students who choose to travel abroad to learn English. It is estimated that they contribute more than £1.5 billion to the UK economy every year. It is appropriate that we talk about this in the context of the Budget that my right hon. Friend the Chancellor introduced earlier this week. We have been talking about diversifying the UK economy, away from sole reliance on the financial services sector, and this is a massive export for our country and a contributor to the bottom line.

Bournemouth has, I suspect, more language schools per head of population than almost anywhere else in the country. However, not only Bournemouth has them. I see in his place my hon. Friend the Member for Cambridge (Dr Huppert). He wanted to intervene in this debate, but the Chair is of the view that we should not breach that convention. I know that these schools are very important in Cambridge too, as well as in Poole and in Brighton. I also see my hon. Friend the Member for Grantham and Stamford (Nick Boles), who is hoping to make a brief contribution to the debate.

Why am I raising this subject now? It has become a problem because of what the previous Government did in their dying months of office. Immigration became a rising political topic as we got closer to the general election, and the previous Government, in an attempt to be seen to be doing something, did the old civil service Sir Humphrey thing: "We must do something; this is something, so let's do it." They changed the criteria on the requirement for competence in the English language that was needed for someone to come to Britain to study English. They also changed the student visa arrangements so that such a person had to return to their country of origin to extend their visa.

I wish to draw attention not just to the question of the English language schools and the employment that they generate in Bournemouth and Poole, but to the welcome additional earnings in the household budgets of the host families who welcome students into their home, and to the boost to the local economy when students' family and friends come to visit, stay in local hotels and use local restaurants. Professor Fletcher of Bournemouth university has estimated that they contribute more than £200 million to the local economy in the Bournemouth and Poole area.

Then there is the matter that one probably cannot quantify: those who have come to Britain to learn English have a great affection and affinity for Britain which will stand our country in great stead in the years ahead, when they return and enter businesses. The right hon. Lord King visited me during the election campaign and relayed the story of an Egyptian Defence Minister who, on his first night on a visit to Britain, did not want to go out to dinner with the then Secretary of State for Defence because he wanted to go and see his old landlady, for whom he had great affection. We cannot put a price on such things, but they are of enormous benefit.

The previous Government were right to recognise that there was a problem with some bogus schools, and they put in place measures to try to deal with them. Prior to the introduction of the points-based system, it was estimated that up to 50,000 students could be using the student visa system as a way of staying in the United Kingdom illegally. In April 2009 they introduced the new system, which forced schools to gain Government accreditation and led to the closure of several thousand bogus language schools. Great strides were made in tightening up the system.

On 12 November 2009, only months after the system was put in place, the then Prime Minister ordered a review of it due to concerns about those coming in to study at below degree level. The hon. Member for Oldham East and Saddleworth (Mr Woolas) said about that on 11 December 2009:

> "I would like to make it absolutely clear that no firm decisions as to whether and what changes ought to be made to Tier 4 have yet been taken. The responses we have received from all parts of the education sector have suggested that there is the potential for

some of the broader review questions to affect the UK's attractiveness as a destination for study if they are implemented. Damaging the education sector is not the aim of the review."

However, the reality is that the outcome of the review has done just that.

I wish to go into some detail about what the change to the English language requirement has done. I shall quote a letter from my right hon. and noble Friend Lord Eden, who posed a simple question to my hon. Friend the Minister for Immigration on 20 May. He wrote:

"The simple question that needs to be answered is how are students that are coming to this country to learn English supposed to be able to qualify in English language proficiency in order to receive a student visa?"

It is not just a very basic understanding of English that they require. The definition of B1 competence, which is the equivalent of about an A* GCSE, is that a student can

"understand the main points of clear standard input on familiar matters regularly encountered in work, school, leisure, etc. Can deal with most situations likely to arise whilst travelling in an area where the language is spoken. Can produce simple connected text on topics which are familiar or of personal interest. Can describe experiences and events, dreams, hopes & ambitions and briefly give reasons and explanations for opinions and plans."

It seems to me that if someone is able to do all that, they are pretty fluent and would not necessarily need to enrol themselves on an English language course. We are saying to students, "Learn English so you can qualify to come here to study and learn English in Britain." It is painfully ridiculous.

The other matter on which problems arise for the language schools is their dealings with the UK Border Agency. Institutions and students have found it difficult to communicate with the agency. One student trying to negotiate the application process said they had found that the

"UK staff provide conflicting information or are unable to answer queries regarding classification of guidance which does more than simply repeat the existing regulations."

Hon. Members might recognise some of that in another organisation with which we have had dealings in recent weeks closer to home, but I shall not derail myself by going into that.

The UK Border Agency failed to carry out any impact assessments before implementing the changes, and that was extremely damaging. Under pressure from its flawed system in April 2009, it was obviously anxious to be seen to be robust and proactive, but that meant increasing frustration on the part of the English language schools, which are now responsible under the licensing arrangements for their students' whereabouts. One college in Bournemouth, Anglo-Continental, which is led by Guido Schillig and has existed since the 1930s, gave an example of that. Guido Schillig is responsible for his students' whereabouts, yet the UK Border Agency would not tell him whether a student had arrived in the United Kingdom. The situation is grossly unfair.

My hon. Friend the Minister for Immigration met a delegation of local language schools. My hon. Friend the Member for Poole can probably enlighten the House about that if he contributes to the debate shortly. My hon. Friend the Minister for Immigration said that the previous Government had used a sledgehammer not simply to crack a nut but to smash entirely the wrong object.

There is a point to make about the number of students who come to the United Kingdom, learn English in the language schools and progress to higher education. My constituency of Bournemouth West contains the whole of Bournemouth university, which was rated by *The Guardian*—I give *The Guardian* credit; I would not normally do that—as Britain's No. 1 new university. It has a regular flow of new students from Bournemouth's language schools who move on to degree-level qualifications.

I hope that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire) will acknowledge that we do not operate in a vacuum. There is global competition for language schools. Obviously, people can go to New Zealand or Canada, and if they want to learn to speak English badly, they can go to America. The principal relationship is between the agents who place the students and the schools. Those agents are now considering the difficulties that face students who come to this country and are already exploring relationships with language schools in other parts of the world. If we allow the relationships to be severed, we will inflict a terrible and grievous wound on the UK English language schools sector.

I hope that the Home Office will continue to review the changes that the previous Government implemented. We can learn much from other countries and how they handle matters. I am not standing here simply to complain about the previous Government's actions because that is futile. The coalition has an opportunity to review much of that and find other solutions. For example, we could move to a bond system—I know that my hon. Friend the Minister for Immigration examined that before the election—whereby the student pays an up-front sum of money, which would make absconding much less likely. We could have an assessment level, whereby we examined the risks posed by students from particular risk countries, and we could have a classification system, whereby we perhaps relaxed the rules for others.

The changes that the previous Government made are having a profoundly worrying and detrimental effect on businesses in my constituency and throughout the country. I hope that the Under-Secretary will examine all the alternatives because we can be proud of the English language schools sector. The English language is one of our greatest assets. English is the language of world commerce, and if we shut off the ability of those schools to thrive, to welcome people to our shores and to enable them to immerse themselves in our language, our culture and our values, in time we will look back and realise that we made a very fundamental mistake.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Has the Minister been notified that the hon. Member for Grantham and Stamford (Nick Boles) or any other Member wishes to speak?

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): Two other hon. Members apart from my hon. Friend the Member for Grantham and Stamford (Nick Boles) have spoken to me. I have indicated that, with your consent, Mr Deputy Speaker, I would be happy for them to speak in the time allowed, if the hon. Member for Bournemouth West (Conor Burns) is also content with that.

Conor Burns *indicated assent.*

Mr Deputy Speaker: I call Mr Boles and ask that hon. Members make short speeches with no interventions please.

6.15 pm

Nick Boles (Grantham and Stamford) (Con): Thank you, Mr Deputy Speaker. I should first apologise for my croaky voice: I spent rather too much of yesterday afternoon shouting at the television.

I congratulate my hon. Friend the Member for Bournemouth West (Conor Burns) on what was, frankly, a very classy maiden speech. I hope that it will be the first of many conventions that he will overturn. I also declare an interest, in that I have spent, it seems, quite a lot of the past six months helping a young Israeli friend of mine try to navigate his way through the bureaucratic, Kafkaesque nightmare that is the process of applying for a tier 4 general student visa—and it is just that: a Kafkaesque nightmare.

Like my hon. Friend, I support the Government's attempts to restrain excessive immigration, which has been such a problem in recent years, and in particular—he described this in more detail—the attempt to crack down on abuses by cowboy colleges and gangs that abuse illegal immigrants' desire to get into this country. However, I believe that the previous Government's approach was wholly misconceived. Instead of focusing ruthlessly on closing down the cowboy colleges that are colluding in fraud, they resorted to a process of ever-shifting bureaucratic meddling, in order to make the application process as complicated as possible.

I would like to give a specific example. I believe that I have a reasonable command of my mother tongue. I also have two degrees from moderately okay universities—one in this country and one in the United States—but it took me literally hours to help my friend fill out those forms and understand the supporting documentation that was required.

I will give hon. Members one example. Any student has to demonstrate—quite rightly—that they have enough funds to maintain themselves while they remain in the UK. The current requirement is for them to produce a bank statement showing that they have the funds in their bank account back home for 30 days. That is fair enough—I do not think that any of us would complain about that—but the bank statement has to be stamped by the bank, even though it is a statement from the bank. However, the statement does not have to be just stamped by the bank; it has to be signed by the bank manager. And that is not all: the statement also has to list the equivalent amounts in the account in sterling, and applicants can use only one website for that.

My hon. Friend has made the point that English is our greatest asset and our greatest competitive advantage. We must change the system, so I hope that my hon. Friend the Minister will do what he can to help.

6.18 pm

Mr Robert Syms (Poole) (Con): I congratulate my hon. Friend the Member for Bournemouth West (Conor Burns) on making a characteristically strong case for his constituents. He will be a powerful advocate for his constituents and I look forward to working with him.

I had a debate at the end of the previous Parliament on the same topic. It is vital that we get a quick resolution to the problem, before students are diverted to other schools and this country loses millions of pounds, loses jobs and loses a great opportunity for what is a world-beating industry, if we remove the bureaucracy. Of course we need a firm immigration system, but it has to be fair, and we have to be fair to the language schools so that they can do their business.

6.18 pm

Dr Julian Huppert (Cambridge) (LD): I will be extremely brief. I pay tribute to the hon. Member for Bournemouth West (Conor Burns) for securing this debate and making an excellent speech. I want to add my support, because the problem is serious in Cambridge and elsewhere. My hon. Friend the Member for Eastbourne (Stephen Lloyd) has tabled early-day motion 140, which is about English language schools and has attracted a lot of support.

I hope that the Minister will deal with the problem seriously. English UK estimates that there are 3,500 jobs at stake, with £400 million in schools and £1 billion in universities, plus the advantages to the households that look after the people involved. I look forward to hearing the Minister's comments.

6.19 pm

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): Let me say what a pleasure it is to take part in this debate and to have listened to the excellent contribution from my hon. Friend the Member for Bournemouth West (Conor Burns). Although his maiden speech might have been unconventional in terms of procedure in this House, it was impressive in style, considered in content and impassioned in delivery. He has shown very clearly by his contribution to the debate what an excellent Member of Parliament he will be for his constituents in Bournemouth West. I wish him all success in the House. I have no doubt at all about the contributions that he will make in the months and years ahead.

I also thank my hon. Friend the Member for Grantham and Stamford (Nick Boles) for his contribution. He highlighted a particular case, and although it is difficult to draw conclusions from one case alone, we certainly heard what he had to say and I am sure that, if he provides any further details either to me or to my hon. Friend the Minister for Immigration, we will look into those matters. I also thank my hon. Friend the Member for Poole (Mr Syms) and the hon. Member for Cambridge (Dr Huppert) for their contributions. We recognise the importance of language schools and I hope to address some of the points that they raised.

I should also mention that, in a sense, this is my maiden speech as the hon. Member for Old Bexley and Sidcup. It is rather unconventional to be speaking from the Dispatch Box in that context, but I am proud to represent Old Bexley and Sidcup and I will do my utmost to fulfil the responsibilities that my constituents have placed on me. Although I may not always be able to speak in this Chamber on the full range of topics on their behalf, I will certainly do my utmost to fulfil my duties and to ensure that any matters of concern to them are properly addressed and dealt with.

Let me say at the outset that, as my hon. Friend the Member for Bournemouth West is aware, the English language schools in his constituency—and in the

constituencies of my other hon. Friends in their places this evening—are involved in challenging by judicial review some of the changes identified tonight, particularly the minimum level of language study permitted under tier 4. That case is ongoing and is due to be heard next week, so I hope that my hon. Friend and others will appreciate that I may be somewhat limited in my responses on certain points raised this evening.

The Government are committed to attracting the brightest and the best to the UK, which is why we are determined to encourage legitimate students to come here for study. The UK is the second most popular destination for international students—second only to the United States. We must therefore ensure that our immigration system does not inhibit the education sector, which we recognise has to compete in an increasingly competitive global market.

At the same time, we need to ensure that our overall immigration system works to prevent abuse, so the Government are now taking the necessary steps to set a new direction in immigration policy, built on the coalition's core values of freedom, fairness and responsibility. We face a number of challenges, however, in delivering a safe and strong border, which are made even more pressing by difficult economic times. Immigration must be properly controlled, so that people can have confidence in the system. Our intention to introduce new measures to minimise abuse of the immigration system, including abuse of the student routes, is a priority that was outlined in the coalition's programme for government.

I do not ignore the fact that the English language industry contributes millions of pounds to the UK's economy every year. As my hon. Friend rightly pointed out, English language schools in the UK provide jobs for their staff, while students spend money on fees and books, and generate additional income for their host families. The English language is a global language, and we are, of course, keen to promote the UK as the home of English. We are also acutely aware of the part played by English language schools in preparing overseas students for further and higher education in the UK.

However, in the past there has been significant abuse of the student route, with the previous Government ignoring repeated warnings of the scale of abuse by bogus students and bogus colleges for a number of years. Bogus students were often found applying with forged documentation, not taking up their course of study or dropping out part way through, and working too many hours. The UK Border Agency dealt with bogus colleges that would engage in simple fraud, such as not delivering courses as advertised, if at all, and collaborating with bogus students to facilitate their entry to the UK—in some cases, falsifying education certificates to allow bogus students to prolong their stay in the UK.

Since the launch of the register of education and training providers by the former Department for Innovation, Universities and Skills in January 2005, more than 300 bogus colleges have needed to be removed from that register. The introduction of tier 4, the student route of the points-based system, along with sponsor licensing, has gone some way to addressing the problem of bogus colleges. Under the new system, students are tied to their sponsoring institution and must seek our permission to change institution. We do not think that that is inappropriate, as migrants should keep in contact with us and we need to know if they are no longer studying, as they will be in breach of their student conditions.

Although colleges might find it frustrating that the UK Border Agency does not routinely inform them when a student has entered the UK—this point was raised directly—it is simply not practical when we consider the millions of arrivals at our ports and airports each year. Institutions will know when their sponsorship has been used in a visa application and they will know when their student is expected to arrive. If a student does not do so, it is this exception that must be reported to the UK Border Agency and we will then check whether the student is in the UK and in breach of his or her conditions.

The difficulty remains, however, in identifying those bogus students who have no intention of studying in the UK, but simply seek a route of entry. Such so-called students have no qualms about deceiving bona fide education providers to obtain an offer of a place on a course that will go some way to securing their entry to the UK. Such economic migrants tend to target courses that have little in the way of pre-entry requirements, and English language courses have proven to be particularly susceptible to abuse by non-bona fide students. Between April and November 2009, UK Border Agency data show that almost a third of English language schools licensed under tier 4 voluntarily notified UKBA of more than 1,100 students who had failed to enrol or who had dropped out of their course of study.

The tier 4 student visa can be very attractive to economic migrants because of the generous entitlements that such visas rightly provide to those who wish to study here. The ability to work part-time during term time and full-time during vacations, and to bring family members to the UK, are two important privileges that help us to compete with other countries and attract the brightest and the best to study here. However, the Government are committed to ensuring that such privileges are not abused. We must therefore be sure that there are sufficient safeguards in place to ensure that the tier 4 requirements are not so abused.

Data collected since the launch of tier 4 showed a surge in the number of applications made under the route, which was certainly a significant change. That increase, coupled with students who had secured entry under tier 4 but failed to enrol on their courses or ceased their studies early, painted a worrying picture. For that reason, changes were introduced from March. As hon. Members will have heard, the minimum level of language study permitted under tier 4 is level B2 of the common European framework of reference for languages. That means that students must be at least proficient to level B1 before they can use tier 4 and enjoy the entitlements that the route confers. Students whose English language ability is not at that level are still permitted to come to the UK to develop it, using the student visitor route, which allows a person to come to the UK for up to six months.

Without wishing to pre-empt the outcome of next week's judicial review hearing, the Minister for Immigration intends to undertake a thorough evaluation of the student system in the coming weeks and months, to

[James Brokenshire]

ensure that the measures currently in place strike the right balance between providing a user-friendly route for bona fide students and education providers and keeping out those who would seek to abuse the student system. Let me be clear: the Government want to encourage genuine students who seek to benefit from our world-class education system and to take away knowledge, skills and a sense of our culture, which they can then put to good use in their home countries.

Question put and agreed to.

6.30 pm

House adjourned.

House of Commons

Monday 28 June 2010

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Drugs

1. **Sarah Newton** (Truro and Falmouth) (Con): What recent assessment she has made of the level of problem drug use in this country compared to other EU member states. [4219]

The Secretary of State for the Home Department (Mrs Theresa May): The most recent estimate of problem drug users for England is 328,767 for 2006-07. Estimates for 2008-09 will be available in October. The European Monitoring Centre for Drugs and Drug Addiction estimates show the UK with the highest rate, although there is no consistent methodology for calculating estimates across different countries, which prevents direct comparisons. Nevertheless, that level of problem drug use is unacceptable. The Government are committed to tackling it and rebalancing the treatment system so that abstinence is the clear goal.

Sarah Newton: I thank my right hon. Friend for her answer, but does she agree that one of the biggest problems at the moment is the availability of so-called legal highs? Does she agree that the previous Government were slow to address the issue, and can she assure the House—and especially the families in my constituency who have young people going off to university for the first time this autumn—that she will take action to protect people from such substances?

Mrs May: I thank my hon. Friend for that question. She has made an extremely valid point on an issue that will concern a large number of parents and others. She is right to say that the previous Government were slow to deal with the issue of legal highs, particularly mephedrone. It was only pushing from our party while in opposition that led them to do something about it, and we are committed to introducing a temporary ban on legal highs.

Paul Flynn (Newport West) (Lab): The United Kingdom has the harshest drug laws in Europe and the highest number of addicts. Portugal has the least harsh policies in all of Europe and the smallest number of addicts. Why is this?

Mrs May: The hon. Gentleman has been a long-standing campaigner on the issue of drugs. As it happens, he and I take a different view on how we should approach the issue. What we need to be doing in this country is looking at making abstinence much more of a goal for individuals and looking seriously at ensuring that the treatment and rehabilitation provided to drug addicts mean that they do not simply go back on drugs in future.

Defendant Anonymity (Rape Trials)

2. **Kerry McCarthy** (Bristol East) (Lab): What discussions she has had with the Secretary of State for Justice on the effects on police investigations of plans to give anonymity to defendants in rape trials; and if she will make a statement. [4220]

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): My right hon. Friend the Home Secretary has had a number of discussions on this issue with her cabinet colleague the Secretary of State for Justice. We have made it clear that we will progress our commitment on this subject with the care that it merits. Our consideration of the options will of course include a full examination of any impact on police investigations.

Kerry McCarthy: The Minister will know that this issue has been brought up time and again in the Chamber. We have had a confusing and mixed set of responses from the various Ministers who have answered. Could she now confirm whether it is the Government's intention to bring forward legislation to give anonymity to rape defendants, and if so, what is the timetable for that, and on what basis have they made that decision?

Lynne Featherstone: There have been a number of discussions, as I just said, and the Prime Minister himself has said that the issue will be brought forward for debate in this Chamber at an appropriate point.

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): I would be interested at some stage to learn the Home Secretary's views on the issue, because it is a crucial one both for the Home Department and for equalities. The Lord Chancellor told the House the other day that he had voted for anonymity in 2003. I voted against it, and that is still my view, but at some stage I would like to know the Home Secretary's view.

As for the Minister, she will know that the Prime Minister recently told the House when he replied to a question on the issue that Baroness Stern had

"found that 8 to 10% of reported rape cases could result in false allegations."—[*Official Report*, 9 June 2010; Vol. 511, c. 329.]

The Minister should know that the Stern report made no such finding and that what Baroness Stern recommended was independent research to study the frequency of false allegations of rape compared with other offences. Does the Minister agree that the Government ought to be implementing that recommendation, instead of proposing to introduce anonymity?

Lynne Featherstone: In the first instance, I am sure that the Home Secretary and the Secretary of State for Justice will indeed look at what sort of research is necessary, prior to bringing any debate to the House.

Fiona Mactaggart (Slough) (Lab): I was slightly taken aback by the hon. Lady's "Oh, we're going to look at the research before we do this", given that, up until now, it seems there has been a failure to talk to those tasked with implementing the policy. Has she or any of her colleagues spoken to the Association of Chief Police Officers lead on rape about the policy, and what has his response been?

Lynne Featherstone: I have not spoken to the ACPO lead on the issue, but I will refer that question to the Secretary of State for Justice, who may well have done so.

Domestic Violence

3. **Mr Chuka Umunna** (Streatham) (Lab): How she plans to take forward the conclusions of the work of the "Together we can end violence against women and girls" strategy consultation on domestic violence. [4221]

The Parliamentary Under-Secretary of State for the Home Department (Lynne Featherstone): Violence against women and girls ruins lives and destroys families, and its impact is felt down the generations. A cross-government strategy is the best way to address domestic violence and other forms of violence against women. In July, the Home Secretary will chair a meeting of Ministers across government that will be dedicated to this issue, and we look forward to discussing how we will take forward our approach in this area.

Mr Umunna: I am a supporter of the Cassandra learning centre, which is an organisation in my community that works on these issues. It was set up by the family of a victim whose killer was one of the first to be retried and sentenced following the revision of the rules on double jeopardy. What funding do the Government intend to make available to such third sector organisations working in this field and, importantly, will that funding be ring-fenced, given last week's Budget?

Lynne Featherstone: I am aware of the hon. Gentleman's interest in this area. The coalition Government have committed to look at how we can provide sustainable funding for, and support the development of, new rape crisis centres to provide for victims. At the moment, in the voluntary sector, this provision has been very ad hoc and serendipitous, and it is important to get it on a stable basis.

Mrs Helen Grant (Maidstone and The Weald) (Con): What plans does the Minister have for longer-term funding for voluntary sector organisations, including refuges?

Lynne Featherstone: I can really only refer to the rape crisis centres—both parties in the coalition agreement have committed to up to 15 rape crisis centres—and sustainable funding from the victim surcharge.

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): According to the British crime survey, the incidence of domestic violence has decreased by 64 % since 1997. Does the Minister agree that the British crime survey is the best measurement of long-term crime trends?

Lynne Featherstone: The British crime survey is a good source of information, but I will refer this matter back and the Minister will write.

Detention (Terrorist Suspects)

4. **Bob Blackman** (Harrow East) (Con): Whether she plans to renew the legislation which permits terrorist suspects to be detained for 28 days without charge. [4222]

6. **Mr David Davis** (Haltemprice and Howden) (Con): Whether she plans to renew the legislation which permits terrorist suspects to be detained for 28 days without charge. [4224]

The Secretary of State for the Home Department (Mrs Theresa May): The Government laid an order last Thursday to renew the existing 28-day maximum period for pre-charge detention for terrorist suspects for six months, while we conduct a review of counter-terrorism measures and programmes, including pre-charge detention. Both coalition parties are clear that the 28-day period should be a temporary measure, and one that we shall be looking to reduce over time.

Bob Blackman: I thank the Home Secretary for her answer. We are, of course, all committed to safeguarding Britain against terrorist activities. How many people have been detained for 28 days under these powers in the past three years?

Mrs May: I am sure that my hon. Friend has followed the old adage about not asking a question to which one does not know the answer. The answer is that, since 2007, no one has been detained for 28 days. Before that date, a number of people were detained for periods of between 14 and 28 days. As I made clear in my opening answer, we see the 28-day period as a temporary measure, and we are committed to reducing it over time.

Mr Davis: I, too, thank my right hon. Friend for her answer. Will she give the House an undertaking that the deferral of the decision on 28 days does not indicate any weakening of her determination to constrain not only the excessive length of detention without charge but the other excesses introduced by the Labour Government—namely, house arrest, internal exile, secret trials and all the other issues associated with control orders?

Mrs May: Of course, my right hon. Friend has a distinguished record of fighting for these civil liberties issues. I can assure him that one of the key reasons for introducing the 28-days order for six months was that it would enable us to look at the pre-charge detention period alongside a number of other issues relating to counter-terrorism legislation that we wish to consider. These include control orders, and stop-and-search procedures under section 44. We want to review the various measures and look at them in the round.

Mr David Winnick (Walsall North) (Lab): As one who proposed the period of 28 days, may I remind the Home Secretary that it was the alternative to 90 days or 42 days? If it were possible, despite the acute terrorist danger, for the 28 days to be reduced to 14 days, I would certainly be very happy.

Mrs May: I commend the hon. Gentleman on the campaign in which he, too, participated in the Chamber to ensure that his party's Government did not introduce the 90 days or the 42 days, which we collectively opposed at the time when they were proposed. We consider 28 days to be a temporary measure. We will look at the issue in the round, in the context of other counter-terrorism measures introduced by the last Labour Government and the requirement to balance civil liberties with the need for national security.

Caroline Flint (Don Valley) (Lab): We have had to take a number of measures which have not always involved easy decisions, such as the 28 days' detention. The right hon. Lady said after she had had assumed her post that she would review control orders. Has she reached a view, and if so, when will she inform us of it? If we could charge people through the courts we would all want to do so, but it is not always possible.

Mrs May: In my answer to my right hon. Friend the Member for Haltemprice and Howden (Mr Davis), I cited control orders as one of the items in counter-terrorism legislation that we were currently reviewing.

Dr Julian Lewis (New Forest East) (Con): Does my right hon. Friend recall the time when it was possible to exclude people from this country on the basis that their presence was not conducive to the public good? Is not our current dilemma about putting people under restraint for a period of days due to the fact that we are no longer able to deport people who have no legal right to be here because of legislation initiated either at home or abroad? What is the state of that legislation, and when will we be able to get rid of people who should not have been here in the first place?

Mrs May: My hon. Friend has raised a number of points, and I shall try to limit my answer for brevity's sake. Let me simply say that I share his concern about the country's inability to deport people who, in some cases, have been identified clearly as a terrorist threat to the country and a danger to national security. We are looking at the issue, but obviously we must ensure that, whatever we do, we take our national security and the protection of British citizens into account.

Ian Paisley (North Antrim) (DUP): Given that terrorism is not a temporary aberration, what more permanent measures has the Home Secretary in mind for the purpose of countering terrorism across the United Kingdom? In particular, will the Government make good their pre-election commitment to ensure that automatic number plate recognition systems are available in Northern Ireland, especially in the border area, to prevent terrorists from moving across our border?

Mrs May: The hon. Gentleman has asked a very specific question about automatic number plate recognition. As he and other Members may know, the issue has come to the fore in a rather different context in England recently in relation to its use in Birmingham. We will be considering it as one of the various measures that we are considering in connection with CCTV.

Community Protection Officers (Nottingham)

5. **Mr Graham Allen** (Nottingham North) (Lab): How many community protection officers there are in the city of Nottingham. [4223]

The Minister for Police (Nick Herbert): I understand that there are 102 community protection officers in the city of Nottingham. Nottingham also has 30 auxiliary officers, funded through the working neighbourhood fund, who work with the community protection officers. Those officers work in close partnership with neighbourhood policing teams in the city.

Mr Allen: Will the Minister congratulate the city of Nottingham division of the police—and, indeed, police community support officers and community protection officers—on the massive reduction in crime in the city? Will he emphasise that that is because people trust the uniformed presence that they have seen on the streets in the last five or six years, and will he ensure that that level of uniformed protection remains in future years under this coalition Government?

Nick Herbert: I recognise the role that community protection officers play in Nottingham as part of the wider policing family, alongside PCSOs and police officers. The Government have had to reduce national allocations in order to reduce the budget deficit, but we have also relaxed ring-fencing to give the city council and its partners freedom to determine their priorities in order to meet local needs and provide local opportunities.

Milngavie Waterworks

7. **Jo Swinson** (East Dunbartonshire) (LD): What representations she has received from Scottish Water on removal of the security fences at Milngavie waterworks. [4225]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): No representations have been received from Scottish Water, but I am aware of the hon. Lady's interest and of discussions that have taken place between Scottish Water, the Scottish Government and the Centre for the Protection of National Infrastructure about the replacement of security fencing with less intrusive measures.

Jo Swinson: I thank the Minister for that answer, but these so-called security fences around Milngavie reservoir cover only a tiny part of the three-mile perimeter, and as the rest is completely open to the public they serve no practical purpose other than being an eyesore spoiling a beautiful and popular local attraction. Scottish Water has said that it is waiting on a new directive from the Home Office before it can remove these fences, so can the Minister look at this issue again and ensure that that directive is issued without delay?

James Brokenshire: I know that the hon. Lady has run the campaign, and I understand her interest in ensuring access to the area around the reservoir. We will discuss with the Scottish Government the application that I understand they have received from Scottish Water in relation to this issue. The continuing need for

the security fences will be looked at in the light of CPNI advice and any other alternative measures that may be forthcoming.

Administration (Police Time)

8. **Damian Collins** (Folkestone and Hythe) (Con): What recent representations she has received on the amount of time spent on administrative tasks by police officers each year. [4226]

15. **Jackie Doyle-Price** (Thurrock) (Con): What recent representations she has received on the amount of time spent on administrative tasks by police officers each year. [4233]

The Minister for Police (Nick Herbert): When I have spoken to police officers, they have asked us to help to free them up to do the job they are paid to do. I am committed to returning common sense to policing, which means getting officers back out on the streets dealing with crime, not sitting behind desks filling out forms to meet Government targets.

Damian Collins: I thank the Minister for his answer. When I was recently on patrol with the Kent police in Folkestone in my constituency, they shared with me their concerns about the large amount of paperwork that goes to support front-line policing. Does the Minister agree that the priorities for the policing budget should be to support front-line police work in the community, not excessive bureaucracy?

Nick Herbert: I strongly agree with my hon. Friend. Every Labour Home Secretary promised to cut bureaucracy, but the police still spend more time on paperwork than on patrol. We are determined to make a real difference by dealing with the central targets that bedevil policing and doing all we can to protect the front line.

Jackie Doyle-Price: Does my right hon. Friend agree that by freeing up police officers to spend more time on patrol, we will not only aid crime prevention but make the public feel much safer?

Nick Herbert: I strongly agree with my hon. Friend. What the public want to see is police officers out on the beat. They do not want them to be tied up with unnecessary paperwork. That is why we are so determined to deal with the performance management framework and the targets that have prevented them from doing the job they want to do.

Keith Vaz (Leicester East) (Lab): I welcome the Minister for Police to his first Home Office questions. What he has said is absolutely in agreement with the recommendation of the Select Committee on Home Affairs, which is that we should get police officers out on the beat. Will he therefore accept the other recommendation, which is that there should be full investment in new technology, giving police officers hand-held computers so they can spend more time on the beat than in police stations? Will he defend that part of the Home Office budget against any Treasury cuts?

Nick Herbert: I thank the right hon. Gentleman for his kind introduction. I recognise the importance of technology in assisting the process of reducing bureaucracy, such as in our commitment to scrap the stop form, which is an unnecessary and bureaucratic impediment to common-sense policing. There is a role for technology such as hand-held computers in recording stops and searches in accordance with the right hon. Gentleman's suggestions.

Tom Brake (Carshalton and Wallington) (LD): Does the Minister agree with me, however, that there are some administrative tasks that are worth performing, such as the judging of the Best Bar None competition in my constituency, which was awarded to The Woodman pub in Carshalton?

Nick Herbert: If my hon. Friend were to invite me, I would be delighted to attend the pub with him so I may judge the best performance for myself.

Mr David Hanson (Delyn) (Lab): I welcome the right hon. Gentleman to his position, but I might just advise him that we did actually stop the stop form in the Crime and Security Act 2010—but I will let that pass. Will the right hon. Gentleman today tell the House how much money he expects to save by tackling police bureaucracy over the next three years? Does he understand that, however much he saves, it will be nowhere near enough to compensate for the 25% cut he is planning in the Home Office budget, which will remove 35,000 police officers and 4,000 PCSOs from the beat? How does he expect that to help to fight, and reduce, crime in Britain?

Nick Herbert: Once again, we see absolutely no understanding from the Opposition about the fiscal position we have inherited from them. The fact is that their Government left us with an unspecified cut of £44 billion to find across Government Departments. They would not say where that money was to be found, so we have to make the savings. I believe that police forces can do it, and we are also determined to protect the front line.

Police (Terms and Conditions)

9. **Tony Baldry** (Banbury) (Con): When her Department plans to undertake its review of the terms and conditions of police officer employment. [4227]

The Minister for Police (Nick Herbert): The Government have announced a review of the remuneration and conditions of service of police officers and staff. We will provide information about the review, including timing, shortly.

Tony Baldry: I thank my right hon. Friend for that answer. Although I welcome the Government's decision to honour the third year of the police pay award, does my right hon. Friend agree that the time has now come to review police pay and conditions, and to ensure a more flexible work force who are not so dependent on extensive and expensive overtime?

Nick Herbert: My hon. Friend is right. The previous Government conceded that more than £70 million a year was being wasted on police overtime. We need to look at that and it is one of the things that the review will do. We have, however, stood by the third year of the police pay award, as my hon. Friend suggested, which indicates our good faith towards the process and the value we place on the police service.

Mr Denis MacShane (Rotherham) (Lab): Could the Minister for Police, whom I welcome to his departmental responsibilities, kill two Lib-Con birds with one stone—namely, reduce the £400 million in overtime and bring public sector pay under control by saying that every hour of overtime authorised by a chief constable or a senior police officer will be deducted from their own pay?

Nick Herbert: The right hon. Gentleman may be offering himself as a candidate to serve on the pay review that we are proposing. Perhaps I should have a discussion with him about that. We have to strike a balance. Many chief constables believe overtime is an important management tool, but we are concerned about the extent of its use. That is exactly the kind of thing the pay review will have to look at.

Asylum Cases (Backlog)

10. **Richard Fuller** (Bedford) (Con): What recent progress the UK Border Agency has made on processing the backlog of outstanding asylum cases. [4228]

The Minister for Immigration (Damian Green): Under the previous Government, the chief executive of the UK Border Agency wrote to the Home Affairs Select Committee periodically to update it on this issue. However, in the interests of transparency, I am happy to update right hon. and hon. Members in the House today. Until the end of May 2010 the UK Border Agency had concluded 277,000 cases.

Richard Fuller: I thank the Minister for that answer. As he is aware, Yarl's Wood family detention centre is located outside Bedford. Does he agree that the Government's determination to end the detention of children for asylum purposes will be most welcome to people as a measure of fairness? It will be regarded as something that is long overdue and that shamefully eluded the previous Government.

Damian Green: I am very grateful to my hon. Friend for making that point, which I regard as important. In a spirit of non-partisanship, I think it is regarded as important on both sides of the House. When we held a Westminster Hall debate on the subject last week, I was struck by the fact that there was universal approval of the new Government's desire to end the detention of children—although the point was made that it might have been the last time as Minister for Immigration that I ever got universal approval for anything. However, we should welcome such steps forward while we have them.

Mr Phil Woolas (Oldham East and Saddleworth) (Lab): I sincerely welcome the hon. Gentleman to the Dispatch Box, and I wish him all the best in a very difficult job.

In the light of the Minister's answer about the backlog, I was pleased to see recognition of the UK Border Agency's success but will he confirm the reasons behind the answer to the hon. Member for Perth and North Perthshire (Pete Wishart), at column 143W, on 22 June, about the dropping of the language requirement for dependants of people who successfully apply for asylum? What was his rationale?

Damian Green: The rationale, as with all our proposals on language, is that those who wish to come to this country need to be able to play a full role in its life. If as many people as possible who live and settle in this country are able to speak English, they will lead more fulfilled lives and be able to integrate better in our communities. That would be extremely helpful.

Asylum Applications

11. **Mr Philip Hollobone** (Kettering) (Con): How many asylum applications were made by individuals who had passed through another safe country to get to the UK in the most recent year for which figures are available. [4229]

The Minister for Immigration (Damian Green): In 2009, 2,665 cases were positively identified as having travelled through another EU member state that is considered safe under schedule 3 to the Asylum and Immigration (Treatment of Claimants, etc.) Act 2004.

Mr Hollobone: What do we do with those people? Surely we should not be giving asylum to people who come to this country via another safe country. Yes, let us give asylum to people who are genuinely fleeing persecution, but not to tourists.

Damian Green: I rather agree with my hon. Friend, who will know that, under the previous Government, one of the many shambles in the immigration and asylum system was the problem of being able to remove people to safe countries. We will try to do better. The Dublin regulation, which is the system under which we do this, is working—in 2009, the UK removed 625 more cases than we accepted—but it is not working well enough. *[Interruption.]* If former Ministers on the Opposition Front Bench can contain themselves, I shall give the reason: we must do better at returning cases to specific EU countries. We are doing better with Italy. The next case that we really need to get to grips with is Greece, but the Government are determined to do this.

Bridget Phillipson (Houghton and Sunderland South) (Lab): Is the Minister aware of the great difficulties many of my constituents face when lodging an asylum claim? They have to travel to the UK Border Agency in Croydon to lodge claims for initial screening, and the full cost of that must be met by the individual concerned. Will the Minister look again at that system and consider any review that can make it fairer, so that constituents in the north-east do not need to travel to London?

Damian Green: It is perhaps a shame that the hon. Lady has launched an attack on a change made by her own Government in their last 12 months in office. I can see some logic in why Ministers in the previous Government made the change that she objects to: by and large, people who claim asylum should claim it as soon as they get to this country. That is one area where there is not much difference between those who sit on the Front Benches. So I am afraid that I will have to ignore her plea to change the system to make it easy for people who may have been here for many months or, in some cases, many years to claim asylum. Asylum is meant for people who come to this country as genuine refugees.

National DNA Database

12. **Karen Lumley** (Redditch) (Con): What progress she has made reviewing the retention on the national DNA database of records of those who have been neither charged nor convicted of a crime. [4230]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): The Government are committed to adopting the protections of the Scottish model for retaining the DNA profiles of those who have not been convicted of an offence. We will introduce our detailed proposals shortly.

Karen Lumley: Is the Minister aware that the previous Government failed to ensure that all prisoners were on the DNA database? Can he reassure the House that steps are being taken to fix that problem?

James Brokenshire: My hon. Friend makes a very important point. Despite their desire to retain DNA profiles indefinitely, the then Government did not focus on getting those who were convicted, possibly of serious offences, on to the database to ensure that it was effective in fighting crime. That is certainly something that we are looking at very closely in terms of the proposals that we will introduce in the House in due course.

Mr Alan Campbell (Tynemouth) (Lab): I welcome the hon. Gentleman to his post. Why does he believe that the Scottish police support the current English model, rather than the Scottish model, for DNA retention? Is that because the English model is based on evidence, whereas the Scottish model is not?

James Brokenshire: The hon. Gentleman makes quite an interesting point. As I understand what he said, he now seems to be arguing for the indefinite retention of DNA, which has been found to be not acceptable and not proportionate. He says in some way that there is no evidence, but I remind him of the comment made in the other place by Lord Bach, who highlighted very clearly the report that Professor Fraser undertook in relation to the Scottish system in which he said that he did not uncover any evidence to suggest that the Scottish approach to retention had caused any detriment to the detection of serious crime in Scotland.

CCTV

13. **Margot James** (Stourbridge) (Con): What plans she has for the future regulation of CCTV cameras. [4231]

17. **Ian Lucas** (Wrexham) (Lab): What proposals she has for regulation of the use of CCTV cameras by police services and local authorities. [4236]

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): In our coalition programme for government, as part of our work on safeguarding civil liberties we have stated that we will further regulate CCTV. We will introduce detailed proposals in due course.

Margot James: I thank my hon. Friend for his answer. Although there has been criticism that some CCTV has been used randomly and not always effectively, is he aware of the Safer Leeds project, in which CCTV has played an important role in the apprehension and prosecution of offenders? Can he give an assurance that future regulation will not deter the proper use of CCTV that my constituents in Stourbridge feel is essential in the battle against crime?

James Brokenshire: As the Prime Minister made clear in the House on 9 June, we support CCTV cameras. When used properly, they can be a significant asset in the prevention and detection of crime, but any such use involves a need to ensure that civil liberties are properly protected. The use of CCTV has increased in the absence of a specific regulatory framework. For reasons of proportionality and retaining public confidence, it is important that there is appropriate regulation, and it is interesting to note that the previous Administration recognised that when they appointed the interim CCTV regulator.

Ian Lucas: In the past 13 years, some 21,000 individuals have been arrested in Wrexham as a result of the operation of CCTV cameras. Wrexham's CCTV system is widely appreciated. Will the hon. Gentleman confirm whether he expects a reduction in the number of CCTV cameras as a result of the regulation that he is describing, and how will that regulation be consulted on?

James Brokenshire: On the latter point, we will announce further details on how we intend to take CCTV forward and on how engagement will take place. As I have said, we recognise the importance of CCTV in the fight against crime. As for moving forward, the installation and use of CCTV systems is very much a matter for local decisions, so the regulation will certainly provide a framework to assist local decision making about the CCTV systems that should be put in place to protect local communities.

Philip Davies (Shipley) (Con): Before my hon. Friend jumps on the liberty bandwagon far too much, may I urge some caution? CCTV cameras do not prevent anyone from going about their lawful daily business freely. Will he acknowledge that the people who were responsible for the tube bombings on 7/7 were identified only through the use of CCTV, as was the person recently arrested in Bradford for the murders of three prostitutes?

James Brokenshire: I thank my hon. Friend for underlining CCTV's important role in policing and protecting our communities. Perhaps more focus could be given to its use in prosecutions and as a forensic tool. However, the use of CCTV has developed in the absence of a specific regulatory framework. We believe, for reasons of proportionality, that regulation should be taken forward, so we shall proceed with that in due course.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I am interested to hear the Minister talk about CCTV in such a way, as it seems that there is already a slight shift in the coalition Government's position. We know that CCTV has given people throughout the country their neighbourhoods back and the freedom to go about their daily lives. His Government talk about reducing red tape and regulation for the police, yet they

plan to regulate CCTV and perhaps create more hoops for the police, who see it as a valuable tool, so will he answer a simple question once and for all: will the plans to regulate CCTV lead to fewer CCTV cameras? He is fudging.

James Brokenshire: It is interesting that the hon. Lady suggests that regulation is not required, because her Government established the interim CCTV regulator, thereby accepting that regulation is required and that the matter needs to be examined carefully. It is all very well for her to talk as if this issue has suddenly arisen, but she and her Government recognised the situation when they were in government. We will ensure that proportionate and relevant regulation is brought forward that will enable CCTV systems to be established by local communities in an appropriate way—

Mr Speaker: Order. I would be grateful if we could make some progress.

Organised Crime

16. **Elizabeth Truss** (South West Norfolk) (Con): What plans she has to tackle serious and organised crime; and if she will make a statement. [4235]

The Minister for Police (Nick Herbert): Tackling serious organised crime requires effective co-operation and co-ordination across law enforcement. We will work with police forces to strengthen arrangements to deal with serious crime and other cross-boundary policing challenges.

Elizabeth Truss: I am pleased that Norfolk constabulary is collaborating with other police forces in the region to work against the scourge of serious and organised crime. However, I understand that, on a national level, that collaboration is not yet as strong as it is in counter-terrorism. What plans do we have to put serious and organised crime fighting on a similar footing?

Nick Herbert: I know of the close interest that my hon. Friend takes in these matters, having been the author of a publication that proposed better arrangements to deal with serious crime. We will not pursue the Labour party's policy of compulsory mergers of police forces. We believe that it is necessary for police forces to collaborate better to deal with organised crime, just as better collaboration has been achieved in counter-terrorism activity, and that is the policy that we shall pursue.

Alun Michael (Cardiff South and Penarth) (Lab/Co-op): Does the Minister accept that the internet is increasingly being used by those who get involved in serious and organised crime? Does he agree that a partnership approach, making use of the talents and expertise of people in business, is essential to reduce the extent of internet use for the purposes of crime?

Nick Herbert: I know that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Old Bexley and Sidcup (James Brokenshire), is already in correspondence with the right hon. Gentleman about this matter. E-crime is a serious and growing problem, and it must make sense to tackle it on a partnership basis, with law enforcement agencies and business working together, and that is what we will do.

Crime Statistics (North Yorkshire)

18. **Hugh Bayley** (York Central) (Lab): What the percentage increase or decrease in the number of crimes reported in North Yorkshire was between (a) 1980 and 1997 and (b) 1997 and 2010. [4237]

The Minister for Police (Nick Herbert): The police in North Yorkshire notified the Home Office of nearly 22,000 offences in 1980; just over 50,000 in 1997; and 48,500 in 2008-09. During this period there have been considerable changes to reporting levels and to how the police record crime, and I am advised that these figures are not comparable.

Hugh Bayley: Comparable figures show nationally a 38% decline in crime. Will the Minister join me in congratulating the police on reducing crime in North Yorkshire and York? Does he agree with the statisticians in his own Department and the UK Statistics Authority that the British crime survey is the best way of measuring long-term trends in crime?

Nick Herbert: I agree that the British crime survey plays a valuable role, but the problem is that, as the hon. Gentleman knows, it is not complete. For instance, it misses out the recording of crimes against young people. Last week, the experimental figures showed that there may be up to 2 million crimes that were previously being missed by the British crime survey. Police recorded figures also have their problems. We need measures of crime in which the public have confidence, and we will be making further announcements about that in due course.

Miss Anne McIntosh (Thirsk and Malton) (Con): Does my right hon. Friend agree that many crimes that were previously dealt with as breaches of the peace are now dealt with as antisocial behaviour? Will the Government now grasp the nettle and tackle such crimes using police forces, rather than councils, which are not open over the weekend and in the evening, when most of those crimes are committed?

Nick Herbert: It is important to convey the message that antisocial behaviour may be activity that is criminal and should be treated as such. The public still feel that there is too much antisocial behaviour in their neighbourhoods, and they want it to be prioritised by police forces. The best way to do that is not only by policing but through effective partnerships on the ground, using the full range of resources that can be provided by local authorities, other agencies and the police family working together.

Administration (Police Time)

19. **Amber Rudd** (Hastings and Rye) (Con): What recent representations she has received on the amount of time spent on administrative tasks by police officers each year. [4238]

The Minister for Police (Nick Herbert): With permission, Mr Speaker, I would like to group this question with Question 22.

Mr Speaker: Order. I have had no indication of that grouping. There is a practice now developing of this happening spontaneously. It really will not do. We shall see how it goes today. I call the Minister.

Nick Herbert: I apologise, Mr Speaker. I refer my hon. Friend the Member for Hastings and Rye (Amber Rudd) to the answer that I gave some moments ago.

Amber Rudd: I thank the Minister for his answer. Recent statistics demonstrate that police spend 14% of their time on patrol and 20% on paperwork. Will he give an example of what administrative function might be cut from their work, so that we can give them the opportunity to spend more time out on the beat?

Nick Herbert: The most important example is the policy we have had for a long time: scrapping the unnecessary stop form, whose introduction made it harder for police forces to interact sensibly with the public, and resulted in a great deal of unnecessary bureaucracy. However, we will not stop at that, but will look at the whole performance framework and the central targets that have bedevilled policing for too long. We will free up police officers, so that they can do the job.

Barry Gardiner (Brent North) (Lab): Given that the Minister wishes to free up police officers to spend more time on the beat, and given the recent survey that predicts 35,000 fewer police officers on the beat, what assessment has he made of how many administrative tasks he will have to scrap to maintain an appropriate and effective police presence?

Nick Herbert: I should say to the hon. Gentleman that we do not recognise those figures. Our policy is that we want to do everything possible to enable chief constables to prioritise the front line and maintain police officers out in the neighbourhoods, where the public want to see them. To do that, we must ensure that we reduce bureaucracy.

Mr Speaker: Order. No blame is imputed to the hon. Member for Pudsey (Stuart Andrew). It is simply that the grouping of his question with Question 19 was not something of which I had notice, and it is not a grouping to which I would ordinarily agree, for reasons of progress down the Order Paper.

Topical Questions

T1. [4244] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Mrs Theresa May): Later this afternoon, I will make a statement to the House on the Government's plans to consult on the introduction of an annual limit on the number of non-EU economic migrants coming to the UK, and the introduction of an interim limit.

Alun Michael: Does the Home Secretary acknowledge the evidence given to the Select Committee on Justice by Victim Support suggesting that what victims want, other than not to have become a victim in the first place, is not to become a victim again in future. Does she accept that consequently a key purpose for the police and all other parts of the criminal justice system must be the reduction of offending and reoffending?

Mrs May: I am grateful to the right hon. Gentleman for his reference to the need to reduce reoffending. I entirely agree that we need to do more to reduce reoffending, but I would point out to him that, over 13 years, his Government did very little to address that issue, which is why we have in the coalition agreement a clear commitment to look across the whole criminal justice system to examine what can be done to improve rehabilitation of offenders and hence to reduce reoffending.

T2. [4245] **Mr Robin Walker** (Worcester) (Con): In recent meetings with Worcester's Kashmiri and Bangladeshi communities, I have found a strong welcome for the new Government's focus on improving community cohesion and supporting integration. Does the Home Secretary agree that the English language requirement for people coming to the UK from outside the EU to marry will support those aims and benefit those communities?

Mrs May: I am grateful to my hon. Friend for his question. With your permission, Mr Speaker, may I begin by offering my condolences to him on the recent death of his father, and pay tribute to the many years of distinguished service given to this country, both in the House and in another place, including as a Government Minister, by the late Lord Walker?

I agree with my hon. Friend. The English language is important in respect of people being able to live in the UK and integrate in communities here, which is why we have indeed already announced that we are tightening up the requirements for English language to be spoken. We require people who are coming into the UK to marry to speak English at a level that was not required before. It is perfectly reasonable to do so.

T3. [4246] **Helen Jones** (Warrington North) (Lab): Before the election, Warrington Liberal Democrats said in a leaflet headed "Stop The Police Cuts":

"Just to keep force levels where they are today the police need a grant increase of at least 5%".

Does the Minister agree?

Mrs May: The issue that affects most people in relation to the police is seeing police not sitting in offices filling in forms, but getting out on the street, preventing crime, dealing with criminals, and giving people the safety, security and confidence that they want in their neighbourhoods. That is why we will slash bureaucracy, and get police on the streets—something that the hon. Lady's Government failed to do in 13 years.

T4. [4247] **Mr Philip Hollobone** (Kettering) (Con): Given that there are 11,500 foreign nationals in British jails, will the Home Secretary work with the Secretary of State for Justice and the Foreign Office to ensure that those in-sentence prisoners are deported back to their country of origin to serve out their sentences in their own lands?

The Minister for Immigration (Damian Green): My hon. Friend makes an important point. The issue of foreign national prisoners bedevilled the previous Administration for years and led to the resignation of a Home Secretary. In 2008—the last year for which we have full figures—the UK Border Agency removed or deported nearly 5,400 foreign national prisoners. There is always more to be done. There are cases in which the court rules in an individual's favour on specific human rights grounds and the Home Office disagrees with the court's decision, but we all have to respect the court's decision, so we are continuing to look at the administrative improvements needed to avoid administrative obstacles to the removal of foreign national prisoners at the end of their sentence, and to look at the legal problems.

T7. [4250] **Vernon Coaker** (Gedling) (Lab): What will the Home Secretary do if one of the new directly elected police commissioners is an extremist? What will happen?

Mrs May: I believe that introducing that important element of democratic accountability for police forces and not getting involved in operational matters, which will remain with the operational independence of police chiefs, is important. The hon. Gentleman's question implies something with which I disagree. It implies that he is not willing to trust the British people and the common sense of the British people to elect people who will do a good job in their area.

T5. [4248] **Richard Fuller** (Bedford) (Con): The Home Secretary is aware of the current discussions about a potential merger of the police forces of Bedfordshire and Hertfordshire. Does she agree that such discussions are worth while at this time to achieve a fairer allocation of police resourcing and a more efficient allocation of resources where it matters—on the front line with our police?

The Minister for Police (Nick Herbert): I can confirm to my hon. Friend that I am due to have a meeting with the chief constables of Bedfordshire and Hertfordshire to discuss the matter. I will also talk to locally elected representatives. It is important that if voluntary mergers of police forces go ahead, they do so with the consent of local people.

Derek Twigg (Halton) (Lab): The Home Secretary will be aware of the comments made by the Culture Secretary this morning linking the Hillsborough disaster to football hooliganism. That is a disgrace. I have recently spoken to some of the families who lost loved ones at Hillsborough. They are deeply distressed by that and angry about what has happened. How can they have trust in the Government to see through the proper release of the Hillsborough files, given that that is the view held in high parts of Government? As the Home Secretary leads on the matter, will she meet urgently with members of the families and the Culture Secretary to discuss the issue?

Mrs May: I thank the hon. Gentleman for his question. I understand that my right hon. Friend the Secretary of State for Culture, Media and Sport has apologised for any suggestion that crowd unrest was responsible for the Hillsborough disaster. The judicial inquiry was absolutely clear on this point. The Taylor report cleared Liverpool supporters of any allegations that they were to blame for the terrible events that took place at that time, and the families of those who, sadly, lost their lives in the Hillsborough disaster have conducted a dignified campaign over the years to try to ensure that the information is released and that they can see all the details of what happened at that time. I have already met the Bishop of Liverpool to discuss the work that his panel is doing in examining these issues. I would be happy to meet representatives of the Hillsborough families.

T6. [4249] **Chris Skidmore** (Kingswood) (Con): In my constituency, Kingswood, under the previous Government, the local police station on the high street was bulldozed to make way for flats. Many of my constituents are rightly extremely concerned about that. What steps will the Minister take to ensure a more effective local policing presence in the future?

Nick Herbert: I will happily meet my hon. Friend to discuss that. Local people want to see an available and visible police presence. That does not necessarily mean old buildings, but it means the police using innovative ways to ensure that they have a presence in the community—for instance, by sharing community facilities.

T8. [4251] **Paul Goggins** (Wythenshawe and Sale East) (Lab): A cut of 25% in police funding would be devastating for public confidence. What the Minister said before would require large reductions in the number of police officers, community support officers and civilian staff. Those reductions could come about only through large up-front payments in pension, redundancy and other costs. What assessment has the Minister made of the size of those costs, and how on earth will they be paid for?

Mrs May: The hon. Gentleman refers to front-line policing and to police doing the job that the public want them to do. We have answered a number of questions on that issue today, and the first thing is to ensure that our police officers are able to get out on the streets, doing the job that they want to do and people want them to do. I find it somewhat surprising that Labour Members continue to raise funding issues, when the people who are to blame for the funding situation in which we find ourselves are their Government.

T9. [4253] **Richard Harrington** (Watford) (Con): As I am sure my right hon. Friend is aware, there are a large number of failed asylum seekers in my constituency and elsewhere in the country. Can she assure me that the situation will be reversed, and that policies will be implemented to ensure that our porous borders cease to be so?

Damian Green: I am grateful to my hon. Friend for making two important points. One key problem with the asylum system, affecting both the taxpayer and genuine refugees, is the appalling delays that were allowed to build up under the previous Government. That was unfair on genuine asylum seekers and unfair on the taxpayer. At the same time, as he said, our borders have been allowed to become much too porous over the past 13 years. That is why we are working on plans for a

border police force, which will give much better protection to our borders than was ever provided under the previous Government.

Several hon. Members *rose—*

Mr Speaker: Order. There is very little time left, so we need exceptionally short questions and short answers.

Steve McCabe (Birmingham, Selly Oak) (Lab): The Home Secretary referred earlier to the problem with some CCTV cameras in Birmingham. I understand that more than £3 million has been spent on cameras that are now covered with plastic bags. Does she intend to unmask the bureaucrat who is responsible for that fiasco?

Mrs May: As the hon. Gentleman will be aware, a discussion is now taking place between the local police force and local communities about automatic number plate recognition cameras in Birmingham, and that is one reason why we intend, in looking at regulation on CCTV, to include ANPR.

Angie Bray (Ealing Central and Acton) (Con): One of my constituents, who also happens to be my parliamentary researcher, was seriously hurt in an unprovoked attack after he had been out for dinner with a friend in Croydon last week. Does the Secretary of State agree that late licensing is partly responsible for the increase in violent assaults at night? Will she update the House on how plans are progressing to sort out late licensing?

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): My hon. Friend provides a powerful example of the impact of violent crime and alcohol, and certainly 47% of violent assaults are believed to be carried out by individuals under the influence of alcohol. That is why we will bring forward proposals to rebalance the Licensing Act 2003 in favour of local communities, and in particular introduce a proposal for a late-night levy to deal with the costs that are attributed to dealing with licensing problems in certain areas.

Ian Austin (Dudley North) (Lab): My constituency has been targeted by the English Defence League for a series of demonstrations. Recent events have seen violence and disorder on the streets, police diverted to deal with that and property and constituents attacked. On one occasion the entire town centre was boarded up, costing businesses thousands. Could I bring a delegation of people from Dudley to meet the Home Secretary in order to discuss how we might prevent those problems in future?

Mrs May: Certainly I or another Minister will be very happy to meet the hon. Gentleman and a delegation in order to address those issues. He raises a very important point about the activities of the English Defence League, and we would be happy to discuss that.

Duncan Hames (Chippenham) (LD): Recent visits organised by the Children of Chernobyl charity have been disrupted because of late decisions by the UK Border Agency. Will my right hon. Friend urge the agency to take a risk-based approach to its investigations and recognise the long and trouble-free record of that excellent charity?

Damian Green: I am obviously aware of the problems that have emerged with what are perfectly reasonable investigations. Children are being brought a long way across the world unaccompanied, so it is not unreasonable for there to be some checks, but I am aware that there have been problems this year, and I shall be happy to take up any individual case that my hon. Friend would like to raise with me.

Jessica Morden (Newport East) (Lab): At a time when the Government are looking to police forces to save money, will the Minister tell the House how much it will cost to elect and fund the proposed directly elected police commissioners?

Nick Herbert: We will be making further announcements in due course about our policy of replacing bureaucratic accountability with direct accountability through directly elected individuals.

Mr James Clappison (Hertsmere) (Con): Does my right hon. Friend recall that nearly 10 years into the life of the previous Government, it suddenly emerged by chance that foreign prisoners were not being considered for deportation when they should have been, and that there was a backlog of 400,000 asylum cases and other cases owing to incompetence? Will he ensure that there is a culture of openness, transparency and efficiency in the Home Office right from the start of this Government?

Damian Green: My hon. Friend makes a good point with characteristic trenchancy and passion. He is right. The situation with foreign national prisoners was a disaster, as was the asylum delay backlog. We are getting to grips with these problems. It is very important not only that we have the right number of people coming to this country but that the people of this country have confidence in the administration of the immigration system, because without that we will never have people assured that the borders of this country are as secure as they should be. That was one of the great failures of the previous Government.

Mr Wayne David (Caerphilly) (Lab): What progress is being made on the implementation of the European Union's drugs strategy?

James Brokenshire: We are considering the whole issue of the drugs strategy in the context of legal highs and other emerging psychoactive substances, as well as in the context of the prevalence of cocaine use, which remains very significant. That is why the Advisory Council on the Misuse of Drugs is examining the issue and will be providing further advice to Government in that regard.

G8 and G20 Summits

3.31 pm

The Prime Minister (Mr David Cameron): With permission, Mr Speaker, I would like to make a statement on the G8 and G20 summits which took place in Canada.

First, I am sure the whole House will join me in paying tribute to the seven British servicemen who have lost their lives in the last week: from 40 Commando Royal Marines, Sergeant Steven Darbyshire; from 1st Battalion the Mercian Regiment, Colour Sergeant Martyn Horton, Private Douglas Halliday, and Private Alex Isaac; from the Yorkshire Regiment, Lance Corporal David Ramsden; and from the 4th Regiment Royal Artillery, Bombardier Stephen Gilbert, who died from injuries he received in an explosion earlier this month; and we also remember the soldier from 101 Engineer Regiment who died yesterday. As the country marked Armed Forces day this weekend, people did so with tremendous pride but also with great sadness. We must never forget what these men, and so many of their colleagues, have given for us, and our thoughts should be with their friends and their families.

As I have said, I am determined that our forces will not stay in Afghanistan a day longer than necessary. I led a discussion at the G8 where we made it clear that we

"fully support the transition strategy adopted"

by international partners. We are not after a perfect Afghanistan—just a stable Afghanistan able to maintain its own security and prevent al-Qaeda from returning. So the G8 sent a collective signal that we want the Afghan security forces to

"assume increasing responsibility for security within five years."

The presence of large-scale international forces cannot be an indefinite commitment. We need to get the job done and bring our troops back home.

Let me report to the House on the main conclusions of the G8 and G20. I have placed copies of the communiqués in the Library so that people can see the details of what was agreed. The G8 is a good forum for the leading democratic economies to give proper strategic consideration to the big foreign policy and security issues. It has also played a vital role in helping the richer nations to improve the future of the poorest people in our world.

In my view, those two vital functions of this forum should continue. I want to take each in turn. On the big security issues, we discussed the middle east peace process and agreed the importance of putting pressure on both sides to engage in the proximity talks, with the aim of creating the conditions for direct talks later this year. President Obama specifically said that he would make this his priority in the coming months. While the changes Israel have proposed are welcome, they do not go far enough, and the communiqué says that the current arrangements in Gaza

"are not sustainable and must be changed."

On Iran, UN Security Council resolution 1929 was welcomed. The communiqué states that all countries should "implement it fully." Since the G8 includes Russia, I believe that this was significant. The UK also made the case for all members of the G8 to have positive engagement with Turkey, which could have a key role to play both in resolving the Iran issue and in encouraging progress on middle east peace. We also discussed North Korea, deploring and condemning the sinking of the Cheonan, and the vital topics of nuclear disarmament and non-proliferation.

On development, while the G8 has played an important role in increasing aid spending by the richest countries in the world, some of those countries have not met commitments that they set out. I stressed the importance of transparency and accountability, and the accountability report that has been published sets out what countries have done in meeting their commitments. While not perfect, it represents good progress in ensuring that countries cannot make promises without being held accountable for them and for failing to meet them.

Even at a time when our countries face difficult budget decisions, it is important that we maintain our commitment to helping the poorest in the world. The UK is maintaining its commitment to increase spending on aid to 0.7% of gross national income. That gives us the opportunity to exercise leadership on behalf of the poorest. At the same time, in order to take the public with us, we also need to ensure that every penny will reach those who need it most. That means transparency and accountability along the lines that we are introducing. It also means that the projects we support must be deliverable, practical and measurable, addressing the causes of poverty and not just alleviating the symptoms.

The Muskoka initiative on maternal and child health agreed at the G8 is a case in point. Today in the United Kingdom, the chances of dying in pregnancy and childbirth are 1 in 8,200. In parts of Africa they are as high as 1 in 7. That is something we can change and must change, and the resources agreed, including a big contribution from the UK, could lead to an additional 1.3 million lives being saved. As the White Ribbon Alliance for Safe Motherhood points out, if we save the mother we save the family, and if we save the family, we build a stronger society and a stronger economy.

I turn to the G20, which is now clearly the right forum for all the leading economies of the world to discuss the vital economic issues. The key goal of the G20 is to continue the recovery of the world economy and secure sustainable growth. The argument proposed by some that deficit reduction and growth are mutually exclusive is, in my view, completely wrong. The whole approach underlined by the International Monetary Fund for this G20 and the subsequent meeting in Seoul is about how the world should maximise growth through the right combination of three things: deficit reduction; tackling imbalances, particularly through actions by emerging economies; and structural reform in the advanced economies. There was broad agreement on all three, which is reflected clearly in the communiqué.

On deficit reduction, the G20 agreed that

"those countries with serious fiscal challenges need to accelerate the pace of consolidation"

and that there was a risk that

"failure to implement consolidation would undermine confidence and hamper growth."

The advanced G20 economies committed to at least halve current deficits by 2013 and stabilise Government debt-to-GDP ratios by 2016. While we agreed that the speed and timing of deficit reduction will vary with

[The Prime Minister]

national circumstances, the verdict of the G20 was unequivocal: for countries with large deficits, the time to act is now. Britain has one of the largest deficits in the G20, and the summit specifically welcomed the plans set out in our Budget last week.

On addressing the fundamental imbalances, China's recent decision to move towards greater exchange rate flexibility is clearly very welcome. On financial reform, the G20 agreed a set of principles on bank levies to ensure that the financial sector makes a

"fair and substantial contribution towards paying for any burdens associated with government interventions to repair the financial system".

That is very much in line with the plans for a bank levy that my right hon. Friend the Chancellor announced in his Budget. On ensuring that the banks in all countries can withstand future crises, we also agreed that

"the amount of capital will be significantly higher and the quality of capital significantly improved".

The new standards should be finalised by the Seoul summit in November. The Basel accord took 10 years; this looks like it could be completed in a little over one.

Although the drawing up of clear, robust new rules is essential, it is important that they are not implemented too quickly. We do not want a further monetary squeeze or a reduction in bank lending at this stage of the recovery. The biggest stimulus we could give the world economy today is the expansion of trade. While the G20's agreement to extend its pledge that no additional trade barriers should be put in place is welcome, continued failure to make progress on Doha is deeply disappointing. It has now been eight years in negotiation, and frankly, there can be little confidence that as things stand the round will be completed rapidly. That is a tragedy, because a completed trade round could add $170 billion to the world economy.

The UK led the working session on this issue at the G20. One potential way of making progress is to try to add to the benefits of the round, including more things in it, so that all parties can see reasons for going that final mile. This was supported by President Obama, and the director-general of the World Trade Organisation, Pascal Lamy, suggested that all trade negotiators should return to the table and consider, vitally, both what it is they really need from the round and what it is they are prepared to offer to get it moving again. This should lead to a report at the Seoul meeting in November. In my view, too many people still see this as a zero-sum game, where one country's success in exports is somehow another country's failure. This is nonsense: everyone can benefit from an increase in trade flows. We will play our part in breaking the logjam, and I want this country to lead the charge in making the case for growing trade flows around the world.

On climate change, while the G8 communiqué was strongly positive on limiting the rise in global temperatures to less than 2°, the G20 communiqué was more limited. This is partly because some countries do not see the G20 as the forum for discussing this issue. In discussions, it was also clear that there was widespread disappointment at the way that Copenhagen failed to deliver a legally binding global deal. We must not give up on this, and we will be playing our full part in pushing for a successful outcome at Cancun.

This long weekend of summitry was a good opportunity to build Britain's bilateral relationships. Among others, I had useful meetings with President Obama, President Hu of China, Prime Minister Singh of India and Prime Minister Erdogan of Turkey. In building a very strong friendship with our leading European partners, I also suffered the exquisite agony of watching England lose 4-1 to Germany in the company of my good friend Chancellor Merkel and the German summit team. While I cannot recommend the experience of watching England lose football to Germany in the margins of a G20 summit, I do commend this statement to the House.

Ms Harriet Harman (Camberwell and Peckham) (Lab): I join the Prime Minister in paying tribute to the service personnel who have died in Afghanistan since we last addressed the House: from 40 Commando Royal Marines, Sergeant Steven Darbyshire; from 1st Battalion the Mercian Regiment, Colour Sergeant Martyn Horton, Private Douglas Halliday and Private Alex Isaac; from the Yorkshire Regiment, Lance Corporal David Ramsden; from the 4th Regiment Royal Artillery, Bombardier Stephen Gilbert; and the soldier from 101 Engineer Regiment who died yesterday. Our thoughts are with their families as we remember them and acknowledge the deep debt of gratitude we owe them.

May I thank the Prime Minister for his statement? The G8 and G20 summits covered many issues of importance to the United Kingdom, not least the need to work internationally to sustain the UK economic recovery that began last year. The G20 declaration rightly identifies the G20's

"achievements in addressing the global economic crisis",

saying that the G20's

"efforts to date have borne good results. Unprecedented and globally coordinated fiscal and monetary stimulus is playing a major role in helping to restore private demand and lending."

Now that the Prime Minister has joined other G20 leaders in endorsing those pro-growth policies that have put the global economy back on the road to recovery, will he acknowledge the role of the former Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), in shaping that approach and winning support for it at the G20, thereby laying the foundations for that recovery internationally and here at home?

Is it not inconsistent for the Prime Minister to sign up to this approach abroad while continuing to denigrate that approach here at home? We welcome the G20's commitment to

"'growth friendly' fiscal consolidation plans"

and the target of halving deficits by 2013. Will he confirm that this target is entirely consistent with deficit reductions that the Office for Budget Responsibility showed would have been achieved by 2013 under our plans? Will he confirm that nothing in the G20 statement provides any justification whatever for his choice to cut the deficit further and faster? Indeed, is it not the case that only last week President Obama called on world leaders to

"learn from the consequential mistakes of the past when stimulus was too quickly withdrawn and resulted in renewed economic hardships"?

The G20 calls for growth-friendly fiscal consolidation, but how is it growth friendly to cut investment allowances for manufacturing firms, to scrap the regional development

agencies and to cut back on investment in high-tech, export-oriented British firms such as Sheffield Forgemasters? How is it growth friendly for his Government to take an approach that the OBR says will cost 100,000 jobs?

With President Obama and major emerging economies, including India and Brazil, warning against the risk of Budget cuts too early and too deep, is it not clear that on the question of timing and content, the summit's conclusions on deficit reduction amount to no more than an agreement to disagree? Given the risk of deflationary policies in the eurozone and the fact that growth forecasts in the United States have been revised downwards, is not weak demand the major threat to growth? Is it not the case that Government policy should still play a part in sustaining demand? Is it not clear, given that demand in our export markets again looks fragile, that the assumption of a 40% increase in UK exports, on which last week's Budget plans were based, looks very optimistic? To which markets does the Prime Minister expect that 40% increase in exports to go?

The Opposition welcome the G8's commitment to support the international security assistance force's efforts in Afghanistan. As the Prime Minister recognised in his statement, this will be a crucial year for Afghanistan, with the Kabul conference and elections in September. Because military effort must pave the way for, and go alongside, a political settlement in Afghanistan, will he update the House on preparations for the Kabul summit and Afghan elections?

Surely there is agreement on both sides of the House that we do not want our troops to stay in Afghanistan one day longer than necessary. We look forward to when the Afghan Government can guarantee their people's stability and security, and thereby make us safer, as the Prime Minister has said previously. Will he therefore clarify his remarks on Afghanistan? He said:

"We can't be there for another five years".

Does the Prime Minister believe that that assists our troops in their task in Afghanistan? What effect does the Defence Secretary believe the Prime Minister's comments will have on the morale of our troops fighting day by day on the ground in Afghanistan? Is it not the case that, as the Defence Secretary has said, setting artificial time scales is a very dangerous game to play?

May I now turn to the G8 approach to tackling global poverty? Is the Prime Minister aware of the deep frustration within the development community at what it sees as a major retreat by the G8 on its commitment to help the poorest? In particular, how can he, as one of the G8 leaders, justify the decision to drop the commitment of the 2005 Gleneagles summit to increase aid by $50 billion by 2010? That G8 commitment was hard won by the previous Labour Government. Is he aware that Save the Children called that "shameful", and that Oxfam described the G8 statement as being

"lower than our lowest expectations"

on maternal mortality?

Writing on the eve of the summit, the Prime Minister said:

"Too often these international meetings fail to live up to the hype and promises made",

but instead of strengthening the resolve of G8 leaders to deliver the promised action, he has allowed them to renege on their promises. Does that not reflect badly on his international leadership, for which the very poorest will pay a heavy price? Can the Prime Minister tell us how hard he tried to get the other world leaders to stick to, and deliver, the Gleneagles promises? He apparently told journalists that as

"the new kid on the block",

he was focusing on a different aid target, namely the UN's 2015 millennium development goals. Will the Prime Minister attend the key UN summit on the millennium development goals this September in New York? If he is not planning to do so, could he reconsider his decision in order to put the G8's and the world's efforts towards achieving the millennium development goals back on track?

The Prime Minister: I thank the right hon. and learned Lady for her response.

We are preparing for the Kabul summit by having repeated conversations and meetings with President Karzai and others. I have met him twice since becoming Prime Minister, once here in the UK and once in Afghanistan, and my right hon. Friend the Foreign Secretary will attend that important meeting.

The right hon. and learned Lady asked me to clarify the perfectly obvious statement that British troops should not be in Afghanistan in five years' time. Let me put it to her the other way around. It was a Labour Government who took us into Helmand province in 2005. Is she really saying that 10 years later we should still be there? We want to get the job done, train up the Afghan army and police and bring our troops back home. She would be better advised to seek cross-party agreement on that than to take the position that she has chosen.

The right hon. and learned Lady then made some remarks about global poverty. Of course I deplore the fact that some G8 members have not stuck to the promises that they made at Gleneagles in 2005, but the slippage that she was trying to blame on the new Government took place between 2005 and 2010. The person to whom she wanted me to pay tribute—I would be delighted if he could be bothered to turn up to the House—was either Chancellor of the Exchequer or Prime Minister during that time.

The right hon. and learned Lady asked me to attend the UN summit on the millennium development goals in September in New York. I was intending to do so, but for reasons of paternal health—we have been talking about maternal health—I hope that I will be otherwise engaged in the UK, as we are having a baby. My right hon. Friend the Deputy Prime Minister will be at the summit and doing a very good job.

The right hon. and learned Lady's whole premise on which she based her argument about the G20, the need to tackle deficits and get growth is completely wrong. The whole point about the G20 is that if you combine fiscal consolidation in the countries that need it with expansion and dealing with the imbalances from emerging economies, you can maximise world growth. That is what it is about. She says that there is no case for going faster in those countries with excessive deficits—on the IMF figures we have the biggest deficit of all—but the Labour party is now completely isolated on this issue. The G20's view is that

"it is clear that consolidation will need to begin in advanced economies in 2011, and earlier for countries experiencing significant fiscal challenges at present"—

[The Prime Minister]

and that is the UK. So the Labour party is isolated from the G20.

Let us see how Labour is getting on with the US. Tim Geithner, the US Treasury Secretary, said about the UK Budget:

"I think they've got the right balance, the right objectives and I think they're demonstrating that again you have to act so that people can see you're committed to follow through".

So Labour is now isolated from the Americans. What about the Europeans? José Manuel Barroso, the President of the Commission, said in Toronto that there is no more room for deficit spending. So Labour is now isolated from the Europeans.

Let me end with the IMF, because that is where we would have ended up if that lot had stayed in power. The IMF was clear:

"In this regard, credible and coherent fiscal plans should be clearly communicated as soon as possible. There is a pressing need...for fiscal consolidation in G-20 advanced economies".

If that is not done, it could, says the IMF,

"weigh on the recovery and raise market pressure in an environment of elevated uncertainty about sovereign debt risks."

There we have it. Whether it is the US, the EU or the IMF—and I could add in the OECD—the Labour party is now completely and utterly isolated.

As for quoting President Obama, here is one I prepared earlier. He said that

"we have been very impressed with the leadership that David Cameron has shown thus far. He has, I think, taken a series of steps on some very tough issues and...is prepared to make...decisions on behalf of...his country."

The right hon. and learned Lady's attempt to claim that somehow we are not completely in tune with the US, the EU, the G20 and the IMF is an attack that simply is not going to take off.

Several hon. Members *rose—*

Mr Speaker: Order. Many right hon. and hon. Members are seeking to catch my eye, so brevity is required, a legendary example of which will, I know, now be provided by the hon. Member for Louth and Horncastle (Sir Peter Tapsell).

Sir Peter Tapsell (Louth and Horncastle) (Con): Is part of President Obama's message to the leading industrial countries of continental Europe not to move too rapidly or too severely in cutting back on public expenditure or the money supply lest they precipitate a slump, as occurred in the case of Credit Anstaldt, as a result of applying similar policies, led by Germany?

The Prime Minister: The message is clear: countries that face big fiscal challenges have to address those challenges. Let me put it the other way around: for countries like us, with an 11% budget deficit, further fiscal action—or, indeed, no action—could lead to a serious problem with our economy. Where I agree with my hon. Friend is that when we tighten fiscal policy, as we should, that should be accompanied by a loose monetary policy. That is why I made the remarks that I did about the importance of not bringing in the banking rules too quickly, and why the Bank of England's positive response to the Budget that my right hon. Friend the Chancellor introduced is so encouraging. However, for Britain, the right measure, as the G20, the EU and the OECD say, is to deal with our deficit. If we do not, we could be in real danger.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I was going to congratulate the Prime Minister on his first foray into the G8 and G20, but he has already congratulated himself.

In his discussions with the Canadian Prime Minister, did they talk about the consequences for ordinary men and women of too rapid a deficit reduction and, in particular, the reduction in Canada in the late 1990s, when the environmental services budget in Ontario was cut by $200 million and the town of Walkerton experienced the most enormous impact, with disease and, regrettably, death from E. coli? Does the Prime Minister agree that it is not grandiose announcements but the consequences for people in their lives with which we need to be concerned?

The Prime Minister: I thank the right hon. Gentleman for his question and his probably justified rebuke, which was well put. However, at the risk of quoting another Prime Minister, Stephen Harper did say that the UK Budget

"highlighted the very fiscal consolidation that we're trying to steer the G20 towards,"

so there was strong support from the Canadians for what we are doing here. As we do the difficult job of dealing with the record deficit that we inherited, we of course have to do everything that we can to protect the poorest and ensure that we stimulate regional growth, a subject that we will be talking about tomorrow. However, I keep returning to this point: not acting would be more serious for the UK economy and would lead to greater hardship for people.

Sir Menzies Campbell (North East Fife) (LD): By what criteria will it be judged that Afghanistan is sufficiently stable to allow us to withdraw our troops, and how long will it be before we are talking to the Taliban, as suggested over the weekend by General Sir David Richards?

The Prime Minister: Let me try to answer both those questions briefly. The way to judge progress in Afghanistan is in terms of the basic level of security, stability and governance. So in Helmand, for instance, as we see districts that are under good provincial governors, with lead Afghan control over security, that is the time when we can judge that the job is getting done, and there is some prospect of some of that happening this year. As for talking to Taliban, as the right hon. and learned Gentleman puts it, a process of reconciliation and reintegration is taking place, where Taliban who are prepared to stop fighting and accept the basic tenets of the Afghan constitution can be reintegrated back into society. That should happen. That political track, which runs alongside the training of the Afghan army and the military surge, is vital, and we need to push further and faster on it.

Mr Geoffrey Robinson (Coventry North West) (Lab): May I push the Prime Minister slightly harder on the issue of Afghanistan and talking to the Taliban? It is

true, as he says, that those who want to lay down their arms can be welcomed back, but there may be many who are not, but who will nevertheless be required to do so, in the event of a political situation being arrived at, which all of us in this House know is the only eventual outcome for Afghanistan. There is a limited amount that the Prime Minister can say, but it would be good if he could reassure the House that, come the right moment and in the right way, the British Government will indicate their willingness to talk?

The Prime Minister: I am grateful to the hon. Gentleman for the way in which he put his question. This is one of those things that it is better to get on and deal with, rather than endlessly theorising about it. There is a huge difference between that part of the insurgency that is linked to al-Qaeda and is extremist in its ideology, and what has become in some parts of Afghanistan an insurgency based on the way in which particular tribes have been dealt with or on particular local issues. There is a difference between the two, and we need to bear that in mind in this important political track that we have embarked on.

Mr James Arbuthnot (North East Hampshire) (Con): My right hon. Friend was absolutely right to say that none of us wants to stay in Afghanistan a moment longer than is necessary, but does he agree that we have to get our priorities right between leaving and succeeding? If our priority is to leave, that will make it harder to succeed, whereas if our priority is to succeed, that will make it easier to leave.

The Prime Minister: I very much agree with my right hon. Friend on that. Transitioning provinces and districts to Afghan control should be done on the basis of the facts on the ground and the capacity that they have to do that, rather than on the basis of a timetable. Having said that, I do not see anything wrong with saying, "This is a task that has to take place over the coming years, but we should not be there, for instance, for five years." That is a perfectly fair point to make—*[Interruption.]* I can hear chuntering from the Opposition. The last Government set quite a lot of interim short-term targets, and I think that is where the problems have come from.

Angus Robertson (Moray) (SNP): I thank the Prime Minister for the advance copy of his statement. I associate the Scottish National party and Plaid Cymru with the condolences that he expressed at the beginning of his statement. President Obama has set a timetable for beginning the draw-down of US troops from Afghanistan, as have the Canadian hosts of the G20. If that is right for the United States and for Canada, why is it wrong for the UK?

The Prime Minister: There is a difference between what Canada has decided and what President Obama is undertaking. Canada has set a firm deadline for withdrawing all its troops from combat and other operations, and that date is firmly set in stone. President Obama has spoke about a review towards the end of this year and, from July 2011, he hopes to be drawing down the surge in troops that has taken place this year. That is very different from what the Canadians are discussing. We are part of that US surge. We surged our troop numbers, as the US did—albeit by less, but we still have around 10,000 in Helmand. We, too, should be looking at progress at the end of the year, and at that July 2011 date. However, I would rather give the House and the people of this country the certain knowledge that we are not going to be there in five years' time in the role that we are now. Between now and then, however, let us try to deliver on the ground as best we can, and train up the Afghan national army and the police in order to deliver that security and bring our troops home. And let us do it, as my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) suggested, on the basis of the facts on the ground.

Dr Julian Lewis (New Forest East) (Con): I know that the Prime Minister wants the existing strategy to be given more time to succeed, but will he accept that, if it shows little sign of progress in the next few months, or even the next year or so, there should be an alternative to recommending total withdrawal? Total withdrawal would take us back to square one, and the existing strategy would mean our continuing to take excessive casualties. There has to be, and there could be, a middle way, and I hope that he will consider that if he sees that the present strategy is not moving in the direction that he would like to see.

The Prime Minister: I know that my hon. Friend is working hard on the middle way option, and that he is going to do further work on it. Of course I shall look carefully at what he produces. I would say to him that the surge in troop numbers has made a difference on the ground. In the parts of Afghanistan where previously it was impossible to step outside a military base, it is now possible to walk around the towns and visit the markets. I went to a training college, the last time I was in Helmand. The previous time, I went to a wheat seed distribution centre. Both times, I was able to have some freedom of movement. So there is some progress, and I think that this is the right strategy. We should use all that we have, this year, to give it every chance of success.

Tony Lloyd (Manchester Central) (Lab): The Prime Minister prayed in aid the International Monetary Fund earlier, but he did not quote the IMF boss, Dominique Strauss-Kahn, who has warned that fiscal retrenchment wrongly done would cost 60 million jobs globally. How many of those 60 million jobs will be lost among the world's poor, and how many will be lost among the poor of this country?

The Prime Minister: I discussed that with the IMF over the weekend. Dominique Strauss-Kahn's own interventions in the debate at the G20 were very strongly in favour of fiscal consolidation, particularly for the countries—such as Britain—with the largest budget deficits. I looked around that table at the G20. According to the IMF's figures, our budget deficit, at over 11 per cent., is the biggest. The answer to the question "Do they mean us when they are talking about excessive deficits?" is "Yes, they do."

The key point made by Dominique Strauss-Kahn and others is that this is a package. If we are to maximise world growth, which will bring more jobs and livelihoods, we need a combination of fiscal consolidation in the countries that require it and measures to deal both with the imbalances in the developing world and

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with the structural problems in the developed economies such as Germany's. That is what needs to be done. Dominique Strauss-Kahn is recommending exactly the sort of action that we are taking here in this country.

Tony Baldry (Banbury) (Con): In the context of international development, the publication of the accountability report is very welcome, as is the specific commitment on maternal and child health. However, does my right hon. Friend agree that a commitment by the international community to a robust and specific process will be necessary in New York in September if we are to have any hope of achieving the millennium development goals by 2015?

The Prime Minister: My hon. Friend is absolutely right. We need a process of continual checking up on the progress being made towards the MDGs. Now, in 2010, we are two thirds of the way towards the final point, and we should be doing better. We chose maternal and child health at the G8 because those are two of the goals that we are furthest from meeting.

I, too, welcome the document to which my hon. Friend has referred, and I encourage my colleagues to read it. While it is not perfect, it sets out pretty clearly on pages 15, 16 and 17 what countries promised to do and what they have done. That is progress. We have all sat here and heard reports of the great things achieved at G8 summits, but this document holds countries' feet to the fire and asks, "Did you do what you promised to do? If you did not, you must think again."

Jeremy Corbyn (Islington North) (Lab): The Prime Minister is right to draw attention to the likelihood of deaths in pregnancy in sub-Saharan Africa, but does he not think that the summit was a little bit complacent about the immediate and very serious problem of food shortages throughout that area, and the consequent large migration flows as people desperately seek somewhere to live and something to eat? Is there not a real sense of urgency when one in six of the world's population are suffering from food shortages, the largest number in history?

The Prime Minister: I would not say that the summit was complacent. It was my first G8 summit, and I was struck by the fact that about half the sessions were opened up to visiting leaders from the African Union, Algeria, Egypt and elsewhere in Africa, so that they could keep reminding the richest countries in the world of what they had promised to do. The G8 cannot substitute for the work of the United Nations and other food programmes—it is not an emergency organisation—but I do not think that it is complacent about these challenges. At least, for the first time, it is checking up on itself a bit more, and that can only be a good thing.

Mark Pritchard (The Wrekin) (Con): Prime Minister Harper has reiterated his plans to start withdrawing Canadian troops from Afghanistan next year. What discussions has the Prime Minister had with Prime Minister Harper about retaining Canadian troops who are in non-combat roles, such as the medical teams and their air troop transport helicopter teams?

The Prime Minister: My hon. Friend is right to ask that question. A discussion has been held. However, I think we should put on record the fact that no one can accuse Canada of not playing an incredibly positive role in NATO. It has experienced a very large number of casualties in relation to the size of its population. It has made its decision about 2011, and we should not seek in any way to gainsay it over that. Of course we can all do what we can to encourage it to go on playing a role of some kind, perhaps medical or related to training, and obviously it will play a role in terms of development. However, I think that my hon. Friend's point was well made.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I realise that watching the football with Angela Merkel cannot have been much fun for the Prime Minister, not least because—I think—he was not even born in 1966, and therefore could not console himself with the memory of that achievement.

In his statement, the Prime Minister mentioned Turkey and its important role in relation to the middle east process in Iran. Has he had any discussions with fellow European heads of state about the fact that if we go on making it difficult for Turkey to accede to the European Union, it may well turn its back on Europe, in which case we will be the losers?

The Prime Minister: I have had those conversations at both the G8 and the G20. It is good that there is all-party agreement in this House that we should do everything we can to encourage Turkey into the European Union, to anchor her into the west in all the ways we can. Clearly there is a disagreement—a disagreement that is not going to go away—between France and Germany on the one hand and Britain on the other about Turkey and the EU, but irrespective of those positions we should all be doing what we can to encourage Turkey to feel part of Europe and of the direction we are taking. The role she can play in terms of Iran and the middle east peace process is very important, but she will not be so inclined to play that role if Europe turns her back.

Mr John Baron (Basildon and Billericay) (Con): I am sure my right hon. Friend will agree that if we are to succeed in Afghanistan, we need unity of purpose. How concerned is he, therefore, by the resignation of General McChrystal and of key Ministers in President Karzai's Government, and by the extended leave being taken by the UK special representative to Afghanistan?

The Prime Minister: On the issue of the Ministers resigning from President Karzai's Government, he has put in place quite talented replacements. On the issue of Stanley McChrystal, he is a very talented general who we believe had delivered the right strategy. I was consulted on the issue twice by President Obama, but in the end it was about what General McChrystal had said about the US Administration in the interview in *Rolling Stone* magazine, so it was an issue between the US Administration and Stanley McChrystal, rather than necessarily a matter for me.

Mr Denis MacShane (Rotherham) (Lab): The Prime Minister has had three international outings and he has acquitted himself very well; it would be churlish not to

acknowledge that. Ahead of them, he wrote in the *Financial Times* on 17 June:

"It is shocking that...women still do not have equal rights in the workplace. This is not just unfair; it makes no sense—because it deprives our economies of their full potential as workers and consumers."

Will he therefore agree, in this spirit of bipartisanship, that having the gender pay audits that have been suggested in both the public and private sectors would be a way of getting rid of that huge problem?

The Prime Minister: We have supported—and, indeed, before the election we put forward a case for—gender pay audits, particularly based on those companies where any unfairness is found. The right hon. Gentleman makes a good point, quoting from my FT article, which is that that is one of the structural reforms that we in the west in the developed world should be carrying out in order to increase our growth rates, and as the right hon. Gentleman is being so friendly, I shall have to take away his thoughts and think about them again.

Mr Tobias Ellwood (Bournemouth East) (Con): Whether it be Afghanistan, the global economy or, indeed, tackling climate change, the G8 and G20 summits are becoming useful vehicles for tackling global issues, but they make decisions that are then passed on to an organisation created just after the war, the United Nations, which is woefully out of date. Were there any discussions about updating the United Nations so that it can tackle these issues much better?

The Prime Minister: I am grateful for my hon. Friend's question. The UN Secretary-General was, of course, at the G20 meeting and made a number of contributions, but my hon. Friend is right that the architecture of international relations is badly out of date. We have the rise of India, we have the enormous strength of Germany and Japan, and we have the great growth of Brazil, yet none of those countries is on the Security Council. We have to recognise that it is all very well all of us—we all do this—saying that we must share global leadership with India and China, but if we are going to share global leadership we need to change these institutions. This was discussed. It is fantastically difficult because people have so many vested interests—as, indeed, do we—but I do think that it is absolutely right for countries such as India and Brazil to have the sense that they should be on the UN Security Council.

Mr David Winnick (Walsall North) (Lab): I praise, of course, the troops who have died and those who, sadly and unfortunately, are likely to die in the future, but is it not the case that there can be hardly a single Member who believes that a military victory in Afghanistan in any meaningful sense is likely to come about even in another nine years? Therefore, is it not all the more important to start negotiations sooner rather than later, as suggested by General Richards? I think the Prime Minister should recognise that there is growing concern in the country at large about what is happening and the number of deaths in Afghanistan.

The Prime Minister: The hon. Gentleman is right. We are all concerned about the number of casualties in Afghanistan. He is also right in that when we look across history at fighting insurgencies, in very few of them has there ever been a complete military victory—it is a combination of what happens militarily and in the country at large and what happens in terms of some sort of reconciliation process. That is important. We are committed to the reconciliation process and would like to see it go further and faster, but as I said, it is important to maintain a distinction between Taliban linked to al-Qaeda, who would have the terrorist training camps come back and who want world terrorism, and people involved in insurgency for any number of other reasons. Yes, of course there must be a political track and of course we should develop it, but we need to differentiate the sorts of Taliban we face.

Andrea Leadsom (South Northamptonshire) (Con): Does the Prime Minister agree that our global banking system remains incredibly risky, and that bearing in mind how long it has taken to get previous Basel agreements in place, it may be necessary to take steps to protect our particular vulnerability to the banking sector before then?

The Prime Minister: My hon. Friend is right. We are trying to put in place a system whereby banks have to ask themselves whether they have enough capital to withstand the sort of shock they suffered in 2008 and 2009. That is what needs to take place, and it is being put in place relatively quickly, but the rules need to be drawn up and agreed, and there may then be a pause before they are actually introduced, because at the moment the great risk is shrinkage of the monetary base—a shrinkage of bank lending—at this very sensitive time in our recovery.

Paul Flynn (Newport West) (Lab): How can the Prime Minister retain his optimism after 11 British deaths in 10 days? How can a stable Afghanistan be built on the crumbling foundations of an election-rigging president and his criminal family, on an Afghan army that is mercenary and drug-addicted and on a police force that is depraved and entirely corrupt? We are in the end game position, as Canada and the Netherlands have explained. At the end of the Vietnam war a question was asked that should haunt us all now: who will be the last soldier ordered into battle to die for a politician's mistake?

The Prime Minister: The hon. Gentleman has long taken that view, but even though he makes that case he wildly overstates it. If we talk to British soldiers who serve with the Afghan national army they say that those soldiers are brave, they work hard and they are committed. Yes, of course we need to improve recruitment from all parts of the country, but I do not think it is fair to characterise the army as he does. There have been problems with the Afghan police force, but when we go to Afghanistan we see police trainers from European and American countries doing good work. I do not accept that all is as bleak as the hon. Gentleman puts it. We have had a number of casualties, which are heartbreaking in every individual case and it is heartbreaking that there are so many, but we have to remember what we are doing in Afghanistan. It is not creating the perfect society; it is training up the Afghans so that they can take care of their own security and we face fewer attacks from terrorist groups trained in the Afghanistan-Pakistan border area. The hon. Gentleman

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shakes his head, but the fact is that today the number of threats coming from that area is reduced, because of what we have done in Afghanistan and because of what the Pakistan Government are doing in Pakistan. Of course we should not be blind to people's concerns, but we should try to take people with us on the success there has been in reducing those threats.

Mr Brian Binley (Northampton South) (Con): The Prime Minister will know that business growth is vital for the Chancellor's plans and that credit is vital to business growth. The Governor of the Bank of England warned on Friday that lending to business remained weak and there was a risk of "disruption of credit". The G20 proposals could cause banks more serious concern in that respect, so what will the Prime Minister and the Government do to make sure that small and medium-sized enterprises receive the credit they need to ensure growth in this country over the next three years?

The Prime Minister: My hon. Friend makes an extremely good point, and the concern that we should have about the economy is not the fiscal tightening that needs to happen, but to ensure that the banks are lending and that monetary policy is working effectively. Of course, monetary policy is not just interest rates—the price of money—but we also have to think about the quantity of money, which is bank lending. My right hon. Friend the Chancellor in the Budget made a number of improvements to the credit lending schemes. I think that we can look to see whether there is even more that should be done, but let me repeat that the key thing that we were trying to do at the G20 was not to enforce credit rules now that would restrict lending, but to put in place the measures for the long term that will stop the catastrophe that we suffered in 2008 and 2009. That is the key. In Europe, we are stress testing the banks to ensure that they have adequate capital. Again, that is important: we need to ensure the soundness of the banking system, because that is part of the key to recovery.

Michael Connarty (Linlithgow and East Falkirk) (Lab): The Prime Minister mentioned that he had four useful bipartite meetings. Did he meet Juan Manuel Santos—the President-elect of Colombia—or did he indicate that he would meet him when he goes on tour? He is a gentleman who, as Defence Minister, dressed his troops as members of the International Committee of the Red Cross, carried out the extra-judicial murders of 2,000 innocent civilians and bombed Ecuador, where there is, I believe, a murder warrant out for him. Did the Prime Minister, or will he, raise those issues on behalf of concerned people in the UK who follow them very closely?

The Prime Minister: I did not meet the President-elect; I did meet the current President, President Uribe, who was at the G8 session on tackling corruption and the drugs trade, where there was a presentation from him and I had a conversation with him. I will take away the points that the hon. Gentleman makes and reflect on them when I have the conversation—I am sure that I will—with the President when he is not just the President-elect but the President.

Alec Shelbrooke (Elmet and Rothwell) (Con): Did the Prime Minister find time during the G20 summit to speak to the leaders of Russia and China about the ongoing diplomatic issues with Iran? May I urge him to work closely with those traditional allies of Iran to ensure that we try not to go anywhere near the military action that some hawkish nations want?

The Prime Minister: I had very positive meetings with President Hu of China and President Medvedev of Russia. We discussed, particularly in the Russian meeting at quite some length, the Iranian situation. It is encouraging that the Russians have voted for the sanctions resolution in the UN—resolution 1929—and it is important to show a united face to the Iranians about the unacceptability of their acquiring a nuclear weapon. The point is that nobody wants military action, by Israel or anyone else, to take place, and that is all the more reason for taking the sanctions route and trying to maximise the pressure and change the balance for Iran, to raise the costs for it of having a nuclear weapon. That is what this is all about.

Kelvin Hopkins (Luton North) (Lab): Almost 80 years ago, countries across the world adopted policies of fiscal tightening and gave us the inter-war depression—the slump, with millions of people thrown out of work. We are now adopting policies of collective deflation. Is the Prime Minister not at all fearful that history might repeat itself and that we might see millions back unemployed?

The Prime Minister: It is quite difficult to talk about deflation when monetary policy is as loose as it is and when interest rates are as low as they are. This is where, with respect, the Labour party has not understood enough of the argument. We have to tighten fiscal policy in the UK. We are borrowing 11% of our gross domestic product. If we started borrowing more, or indeed we stood still, we could face the situation that others in Europe face—it is that serious—so where the demand should come from is by the combination of a fiscal tightening but with loose monetary policy. That is not the same thing that happened in the 1930s. The additional mistake made in the 1930s was to have trade wars, and hon. Members could hear from my statement just how hard this country is fighting to ensure that that does not happen.

Jason McCartney (Colne Valley) (Con): As one of the many millions of disappointed football fans around our country today, may I thank the Prime Minister for raising the issue of goal-line technology? Does he agree that, when it comes to tackling the deficit, it is the Opposition who have taken their eyes off the ball?

The Prime Minister: That was an ingenious way of bringing goal-line technology into a statement on the G20, and I am amazed by your latitude, Mr Speaker— *[Interruption.]* There was no point blaming the referee; as I said, we were not robbed, we were beaten. However, to Chancellor Merkel's credit, every time Germany slotted another one past us, she apologised.

Barry Gardiner (Brent North) (Lab): Will the Prime Minister confirm that the only occasions in the past 25 years when England have beaten Germany at football have been under a Labour Government? When does he expect that we will be able to do that again?

The Prime Minister: At the rate you are going, never.

Guy Opperman (Hexham) (Con): In the Prime Minister's absence last week, he might have missed two surprising events. First, the shadow Chancellor made a speech that contained lots of criticism, but not one recommendation for reducing the deficit. Secondly, we saw a five-minute silent cameo from the former Prime Minister, although amazingly, for such a fiscal champion, it was during Environment, Food and Rural Affairs questions.

Mr Speaker: Order. It is always a pleasure to listen to the hon. Gentleman, but the Prime Minister is not responsible for speeches made by the shadow Chancellor, nor even for the former Prime Minister, so I think that we will leave it there.

Derek Twigg (Halton) (Lab): The Prime Minister said in his statement that the G8 sent a collective signal that "we want the Afghan security forces to 'assume increasing responsibility for security within five years'"—he did not say "full responsibility". He said later on that he wanted to give an indication that we will be out of Afghanistan in five years. Does that mean that we will be out of Afghanistan regardless of the situation in that country in five years' time—full stop?

The Prime Minister: The point is that for many years after our troops have left, we will have a strong relationship with Afghanistan that will involve diplomacy and aid, and perhaps even helping to continue to train Afghan forces. However, in answer to the question of whether we should be in Afghanistan by then in the way that we are now, with large-scale military deployment and all the rest of it, no we should not. We should by then have trained up the Afghan army and police force, and seen an improvement in governance, so that we can bring our troops back home.

Claire Perry (Devizes) (Con): I read on page 3 of the G20 communiqué that fiscal consolidation plans should be credible and clearly communicated. Did the Prime Minister get the chance to read any of the weekend papers that suggested that the majority of the British people support the Budget and agree with some of the spending plans, which shows that our message is definitely getting across to all but Labour Members?

The Prime Minister: My hon. Friend makes the important point, which the International Monetary Fund also makes, that if we carry out fiscal consolidation and demonstrate that we have a plan and are getting on with it, that can enhance confidence. Confidence is the key to growth. If we are going to get people to spend and invest, they need to know that the Government have a plan for getting us out of the mess that we inherited, so that is key to getting our economy moving.

Chris Leslie (Nottingham East) (Lab/Co-op): When the Prime Minister was discussing the banking levy at the G20, did he explain to his colleagues why he was so lenient on the banks? Instead of taking the axe to public services, he should be asking the banks to contribute more to address the mess that they created, instead of letting them off the hook.

The Prime Minister: I know that the hon. Gentleman missed the previous Parliament, but he could have read about some of the things that took place. During that Parliament, we argued for the introduction of a banking levy even if others did not follow suit. The position of the Labour party, although I am sure that it is changing by the minute, was that, under the great disappeared—the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown)—we had to wait for full agreement from every single country in the world. That was not our policy. We have introduced a banking levy, and quite rightly too.

Philip Davies (Shipley) (Con): May I urge caution on my right hon. Friend when it comes to Turkey's membership of the European Union? Unless we have already left the EU by that stage—I can but hope—Turkey's membership could lead only to the British taxpayer being asked to put his hand further in his pocket and further strain on immigration into this country.

Chris Bryant (Rhondda) (Lab): Not complete agreement.

The Prime Minister: As the hon. Gentleman says, there is not quite complete agreement on this issue, but as I would say to the French President or German Chancellor, even if people do not agree with me that Turkey should be a member of the EU, we should be straining every sinew to think of ways of encouraging Turkey to play a full role in the affairs of our continent. It is a member of NATO, and we have a strong bilateral relationship and a trading relationship with the country. Turkey wants those relationships with us, and we should do everything that we can to enhance them.

Mr Andrew Love (Edmonton) (Lab/Co-op): Has not the Prime Minister been a little selective in his quotes from the IMF? Did it not say clearly that there is a lack of co-ordination at the G20, that there are premature consolidations, particularly in Europe, and that if there were greater co-ordination between the G20 and other economies it would add 2.5% to world growth and create 8 million jobs?

The Prime Minister: The hon. Gentleman is right in one regard: the upside scenario posed by the IMF adds to growth and to jobs, but that scenario includes fiscal consolidation by countries such as Britain. I do not want to bore him with quotes from the IMF, but it said:

"Fiscal deficits and debt in some advanced economies reach unacceptably high levels... Sound fiscal finances are essential to sustain recovery".

A key point from the declaration says that those countries

"with serious fiscal challenges need to accelerate the pace of consolidation."

That is what the IMF is saying about us. Yes, there needs to be action across the board, including by emerging markets and developing countries which have very high surpluses, not just fiscal surpluses but trade surpluses. In a way, that is what the G20 was about—trying to get people to put into the process what they need to put in. From us, that is fiscal consolidation; from the Chinese, it is dealing with their surpluses. Not everyone acted as much as we did—Germany included.

Mr Philip Hollobone (Kettering) (Con): The communiqué says that the present situation in Gaza is not sustainable and must be changed. Was there any discussion at the

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summit about practical assistance that international organisations could offer Israel to ensure that humanitarian aid gets into Gaza but weapons smuggling is stopped?

The Prime Minister: My hon. Friend is right. There were discussions about what could be done, such as having international bodies at the various crossing points to try to examine what is being brought in. The change that has taken place is encouraging on one level because instead of effectively banning everything, Israel has listed those things that it will not allow in, which should lead to increased humanitarian capacity in Gaza. That has a very long way to go, and everybody knows that we are not going to sort out the problem of the middle east peace process while there is, effectively, a giant open prison in Gaza.

Clive Efford (Eltham) (Lab): Were there any discussions about the possibility of one of our European neighbours falling into further recession? In that eventuality, what contingencies would be considered?

The Prime Minister: There are great concerns, particularly in the eurozone, about the sovereign debt and other problems that countries face. We should be constructive. As I have said before, I do not think that we should join the euro. In my view, we should never join the euro. However, the eurozone is important to us, and those countries sorting out their problems is important to us. We should not stand in their way if they want to take steps to do that. The key point for us is not putting more money in and not passing powers from London to Brussels. Inasmuch as those countries find ways of sorting out their problems, we should back them.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Also in the newspapers this weekend were comments by Professor Joseph Stiglitz, Nobel prize-winning economist, who predicted the global financial meltdown, that announcements in our Budget will, at best, make Britain's recovery from a recession longer, and, at worst, put us into the double-dip recession that we said would occur. Does the Prime Minister agree that we ignore Professor Joseph Stiglitz at our peril?

The Prime Minister: One can find any number of economists taking any number of different views. I say that as someone who studied under them. In the end, if we look at what the IMF says, at what the OECD says, at what, as I quoted, the Americans and the European Union say and at all the advice we have had from the Bank of England and the Treasury, we see that it is important to deal with our deficit. Unless we do that, we will not get confidence, and unless we have confidence, we will not get growth.

Rehman Chishti (Gillingham and Rainham) (Con): Apart from the military operation in Afghanistan, what steps are being taken to win over the hearts and minds of the people of Afghanistan? Linked to that, what steps are the Government of Afghanistan taking to reform the madrassahs, the religious schools, which are often seen as a breeding ground for radicalism?

The Prime Minister: My hon. Friend makes a very good point about religious education. It has been more of a problem in Pakistan than in Afghanistan. In terms of improving the quality of life for Afghans, it is worth remembering why the Taliban succeeded in the first place. They succeeded because there was no law and order, and no system of justice. Effective district governance and security, being able to go about one's daily life, are key. Of course we want to see things such as girls going to school and better observance of human rights, but we should prioritise those things that I think the Afghans themselves would prioritise, which is safety and security.

Ian Austin (Dudley North) (Lab) *rose—*

Mr Speaker: I saved the hon. Gentleman up.

Ian Austin: The Prime Minister has cracked jokes about his bilateral last night with Chancellor Merkel, but millions of people will agree with me that last night's performance was no laughing matter at all. Is it not time that the governance of the game was shaken up, so that we treat football as a sport, not as a business? Did the Prime Minister find time to discuss with President Sarkozy how he can follow his example and launch an inquiry so that we never have to witness that sort of performance again?

Mr Speaker: That was a bit wide of the summit, but not, I am sure, of the Prime Minister's capacities.

The Prime Minister: There are parts of sport and politics that probably should not mix. It is no laughing matter; it was very depressing. For all of us who wanted England to do well, it was heartbreaking to watch. At least we can say, "We weren't robbed—we were beaten." It was not all down to the disallowed Lampard goal—we were beaten fair and square. An interesting point that was made while I was watching was how much German football institutions put into youth training and their football academy. I am sure there are things that our own game, independent of the Government, as they should be—we only want to take credit when they win—can learn from that.

Limits on Non-EU Economic Migration

4.36 pm

The Secretary of State for the Home Department (Mrs Theresa May): Immigration has enriched our culture and enhanced our society. Britain can benefit from immigration, but not uncontrolled immigration. The levels of net migration seen under the previous Government—an annual figure of almost a quarter of a million at its peak in 2004—were unprecedented in recent times. It is this Government's aim to reduce the level of net migration back down to the levels of the 1990s—tens of thousands each year, not hundreds of thousands.

Of course, it is necessary to attract the world's very best talent to come to the UK to drive strong economic growth, but unlimited migration has placed unacceptable pressure on public services and, worse, severely damaged public confidence in our immigration system. Our over-reliance on migrant labour has done nothing to help the millions of unemployed and low-skilled British citizens who deserve the Government's help to get back to work and improve their skills. The coalition's programme for government confirmed the Government's intention to introduce an annual limit on the number of non-EU economic migrants admitted into the UK to live and work. We have always said that we will consult on the implementation of that limit. It is important that the Government take full account of the views of business and other interested sectors. We want to ensure that we can properly weigh the economic considerations against the wider social and public service implications.

I am therefore launching a consultation today on the mechanisms for implementing that annual limit, including questions about the coverage of limits, as well as the mechanics of how they will work in practice. The consultation also recognises the need to attract more high net-worth individuals to the UK through the routes for investors and entrepreneurs, which will not be covered by limits, and we ask for views on how that can be achieved. At the same time, I have commissioned the independent Migration Advisory Committee to provide advice to the Government on the levels at which limits should be set for the first full year of their operation, which I intend should be from April 2011.

I am sure that all Members of the House would agree with me that the Migration Advisory Committee has an excellent track record in this area, and I want to take this opportunity to record my thanks to David Metcalf and the rest of the committee for taking on this critical piece of work. The consultations will be complete by the end of September, and I intend to make final announcements about the first full annual limit before the end of the calendar year.

It is important that today's announcement does not lead to a surge of applications during this interim period, which would lead to an increase in net migration, undermining the purpose of the limit and putting undue strain on the UK Border Agency. I am therefore also taking a number of interim measures, and I have laid a statement of changes to the immigration rules in support of those measures. First, I am introducing an interim limit on the number of out-of-country main applicants to tier 1 (general). For 2010-11, this route will be held flat from the equivalent period for 2009-10. The tier 1 routes for investors, entrepreneurs and the post-study route are not affected. Secondly, to ensure that those who do come through this route are the brightest and best, I am raising the tier 1 (general) pass mark by five points for all new applicants.

Thirdly, I am introducing an interim limit on the number of migrants who can be offered jobs by sponsor employers through tier 2 (general). This route will be reduced in the interim period by 1,300 migrants, the equivalent of a 5% reduction across the relevant routes of tiers 1 and 2. The tier 2 routes for intra-company transfers, ministers for religion and—I am not sure whether to say this, given the comments at the end of the Prime Minister's statement—elite sportspeople are not affected. These interim measures will take effect from 19 July.

It is vital that we restore public confidence in our immigration system. Our plans to do that extend much further than the measures I am announcing today. We support e-borders and the re-introduction of exit checks. We have said that we will create a dedicated border police force to enhance national security, improve immigration controls and crack down on the trafficking of people, weapons and drugs. We have committed to improving our asylum system to speed up the processing of applications. We have said that we will end the detention of children for immigration purposes, and the UK Border Agency has already launched a review engaging a wide range of experts and organisations on how to achieve this.

Our commitment to reduce net migration will require action, as I am sure the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) will indicate in a moment, beyond the economic routes. It may assist him if I tell the House now that I will be reviewing other immigration routes in due course and will be bringing forward further proposals for consideration by the House. And, of course, unlike the previous Government, we are committed to applying transitional controls for all new EU member states.

The commitment to introduce limits on non-EU economic migration is a major immigration commitment of the coalition Government. Today's announcement is a key step towards the delivery of that commitment, and I commend this statement to the House.

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): I thank the right hon. Lady for a copy of the statement. I am pleased that she has come to make the statement to the House. However, I had already seen the statement she has just made because it was handed to me by a journalist this morning at 11.15.

Obviously, the Home Secretary originally intended to lay a written ministerial statement today. Indeed, the title was laid last Friday. This morning I sought that written ministerial statement. I was told that the Home Office was having a press conference prior to issuing the written ministerial statement—something unknown in my time as a Minister. Therefore, I sought the written ministerial statement again. At 11.15 am a journalist who had been to the press conference handed to me a written ministerial statement that is almost precisely the statement that the right hon. Lady has just made.

I hope the Home Secretary takes the matter seriously. As I am sure you will agree, Mr. Speaker, Members of the House have a right to see written ministerial statements before they are circulated to the media.

[Alan Johnson]

The Home Secretary's announcement represents nothing more than a small adjustment to the points-based system. It was spun to the media over the weekend as a profound adjustment to net migration. Migration to this country has gone up. If the Prime Minister were talking to his French and German colleagues, he would know that there were 4 million migrants in Germany, 4 million in France and about 1.5 million in this country. Since the 1990s, the last time the Conservatives were in power, there has been a huge explosion of migration around the world, as the UN has detailed.

Yes, migration has gone up since the last time the Conservatives were in power, but will the right hon. Lady confirm that net migration has fallen substantially over the past three years? Will she confirm that tier 1 migration—the most highly skilled—fell by 44% in the first quarter of this year? What is the problem with skilled migration that she seeks to resolve? Will she also confirm that the number of asylum seekers has fallen to the levels last seen in the early 1990s—a third of their peak, and the same peak everywhere else in Europe? We are 15th in Europe regarding the number of asylum seekers per head of population.

Will the Home Secretary continue to support the points-based system that we introduced, which ensures that no unskilled worker can come to this country—the door has been closed on tier 3 for the past two years—and that skilled workers under tier 2 can come to this country only if their sponsoring employer has advertised that job in Jobcentre Plus for four weeks prior? Can she confirm that she intends to continue with those measures, which we introduced?

How many skilled workers will be denied entry to the UK under that temporary cap, and what percentage of total net migration will that represent? What makes the Home Secretary think that the UK can avoid the problems the US experienced when President Bush introduced a quota on skilled migrants, with disastrous consequences and a whole series of readjustments 10 years ago? Can she give an example of the problems caused to our society by skilled migrants coming to the UK under the current flexible arrangements?

What effect does the right hon. Lady think her announcement today will have on population growth? Over the weekend I heard Government Members speculate that this morning's announcement—this trivial adjustment—will somehow ensure that our population avoids reaching 70 million. Does she believe that? If so, how does she think that that will happen?

Given that this measure has been Conservative policy since the less progressive "Are you thinking what we're thinking?" days of their 2005 manifesto, why have they as yet failed to come up with a figure for their pre-determined quota? Does the right hon. Lady intend to implement fully Labour's tough measures to deal with the abuse of tier 4, the student route, which, along with spousal visas and EU migration, will be totally unaffected by the cap she has announced today?

Today's announcement will affect fewer than one in seven migrants to this country, and those whom it will affect are the migrants our economy needs the most. If the cap is set too high, it will be meaningless; if it set too low, it will damage our economy. At best it is a gesture; at worst it is a deceit. The Home Secretary knows that a cut in her Department's budget of one third, according to the Institute for Fiscal Studies—25%, according to her right hon. Friend the Chancellor—will have disastrous consequences for border control. Is that not the real reason for controlling immigration, rather than this artificial and unnecessary tinkering at the edges?

Mrs May: Let me first address the right hon. Gentleman's point about the written ministerial statement and my coming to the House. He is absolutely right: I had intended to make a written statement, and the title was indeed placed before the House so that Members could be made aware of it. Over the weekend I spoke to the Government Chief Whip about the possibility of changing that statement into an oral statement, because at the time I felt it more important to come to the House to make an oral statement, which is precisely what I have done. The right hon. Gentleman said, "Will I take this issue seriously?" Government Members have taken Parliament seriously over the past 13 years, so I shall take no lessons from him or any of his colleagues about taking it seriously, given how they bypassed Parliament for 13 years and reduced the House's powers to hold the Executive to account.

The right hon. Gentleman talked about migration figures, but immigration actually tripled under the Labour Government. It is our desire to get the number down from the hundreds of thousands a year that it has reached under Labour to tens of thousands a year. If he wishes to look at numbers, he should look no further than the past comments of the former Home Secretary, the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), who said that there was "no obvious upper limit" to immigration. It is this Government who are taking the issue seriously, who promised that they would do something about it and who are taking the action that is necessary.

The right hon. Member for Kingston upon Hull West and Hessle made a number of comments about technicalities and the issue of jobs being advertised for four weeks in a jobcentre. Currently, immigrants can come into the country if the resident labour market test or the shortage occupation list requirements are met. We are consulting on whether they should be combined so that a tier 2 migrant is able to come in if both tests are relevant and met. That would be a significant tightening of the current rules.

The right hon. Gentleman asked about the wider social impact, as opposed to the economic impact. He has only to go out and talk to people about the pressure in some areas on public services, hospitals and schools. Another issue that his Government failed to get to grips with over the years is the significant number of unemployed people in this country. Some of those people do not have the necessary skills to get into the jobs that are available, but the job of the Government is to ensure that they do have those skills and to give them the support they need to get into those jobs, rather than simply thinking that the answer is to pull in migrant workers from elsewhere.

The right hon. Gentleman referred to students. If, instead of commenting on the statement he thought I was going to make, he had listened to the statement that I made, he would have heard me say that we would indeed be looking at other immigration routes in due course and bringing further proposals to this House.

I recognise that this is one part of the job that we are doing as regards immigration, and other measures will come forward in due course.

The right hon. Gentleman asked why we did not yet have a figure for the annual limit on immigration, despite the fact that this has been a Conservative policy for some time and was in the coalition agreement. I can tell him why not: because we have, for some time, been committed to going out there and consulting those who will be affected—businesses, public service providers and others—about what the limit should be. As I said, the Migration Advisory Committee will be advising the Government and recommending what that annual limit should be. Of course, this is in sharp contrast to the approach of the previous Government, who, in one consultation exercise after another, merely paid lip service to consultation because they had already decided what they were going to do. People then got fed up with being asked to give comments and finding that Government took no notice. We are genuinely consulting people and will be listening to the responses that we get.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Does my right hon. Friend agree that although individual employers may benefit by importing cheap labour, as a nation we will get richer only if our existing employees are enabled and encouraged to acquire skills themselves so that they can produce more, and enrich themselves and the country, rather than have those incentives to acquire skills undermined by the importation of cheap labour from abroad?

Mrs May: My right hon. Friend makes an extremely valid point. This is another area where frankly, yet again, the Labour Government failed over the course of 13 years: they failed to ensure that people in this country had the skills necessary to get the jobs that become available. This Government, through our welfare reform proposals and our work programme, will be helping people and giving them much more support to get into the workplace, whereas under the Labour Government economic inactivity in the UK rose significantly. Many migrant workers were being brought in from overseas, and limiting that number will be part of the process of ensuring that we are able to help people to get out of unemployment and into the workplace.

Keith Vaz (Leicester East) (Lab): The Home Secretary's cap, if I may call it that, is a departure from existing policy, because this is the first time we have had a definitive figure. How did she arrive at the figure of 24,100? What will we do about the 24,102nd person who applies and is turned down? Will we give them the right of appeal if they have the skills necessary to help our country? What resources does she propose to give to posts abroad, which will be overwhelmed by a stampede of applications over the next year? Will she come before my Committee as soon as possible to discuss these matters further?

Mrs May: I am grateful to the right hon. Gentleman for raising those points. He mentioned the possibility of a stampede at posts overseas in relation to this matter. The whole point of having the interim limit set over the next nine months or so, until the permanent annual limit comes into place, is precisely to avoid that stampede. It will not be possible for people to say that they are going to try to apply to come here before that limit comes in, because we have the interim limit, which we have set at slightly below—5% below—the numbers for the past year.

The right hon. Gentleman said that this is a change in policy. It is indeed, because under the points-based system the impetus is with the individual migrant: if they have the right number of points, they can decide whether they want to try to come into the UK. Under our system, we are saying, "We do want to welcome the brightest and the best, but we recognise that it is necessary to have a limit because we want to ensure that we are able to control immigration." I am sure that Members across the whole House will agree that that is the view of many members of the general public who have raised this issue with them.

Mr James Clappison (Hertsmere) (Con): I welcome my right hon. Friend's sensible and proportionate measure. There have already been representations about it on the radio this lunchtime from care home owners. Will she gently remind them that there are 1 million young people unemployed in this country, who would welcome the opportunity to have training and employment in the care homes sector? Is it not a shame that some employers, and the Opposition Front Benchers, seem to put a vote of no confidence in our young people?

Mrs May: I am grateful to my hon. Friend for his sensible and wise point. Of course, there will be those whom businesses want to bring in from abroad, and as I have said, we will raise the number of tier 1 general points required to ensure that they genuinely bring in the brightest and best. However, there are indeed sectors of employment in which many unemployed people would be very happy to train, and to take up the job opportunities that would then be available to them. As I have said, it is a great sadness that so many young people are unemployed in this country today and have not been given such opportunities as a result of the failure of the previous Labour Government.

Mr Frank Field (Birkenhead) (Lab): Does the Home Secretary accept that her statement will be widely welcomed throughout most of our constituencies, but that during the election voters expressed another worry, which was that we are growing our population through immigration? At what stage will she consider the last Labour Government's proposal to break the link between coming here to work and gaining citizenship? If we are to prevent our population from passing 70 million, we need to control both the number of people coming in and the number who can permanently settle here.

Mrs May: I am grateful to the right hon. Gentleman for having raised that point. I said in my statement that what I have announced today is but one part of what we are doing about immigration into this country. We have already made a statement about tightening the English language requirements for people coming here to marry, and we will examine all immigration routes into this country across the board.

Simon Hughes (Bermondsey and Old Southwark) (LD): Does my right hon. Friend agree that we need to carry on this important consultation in a measured and considered way, given that it is controversial but very

[Simon Hughes]

important? We need to avoid unfair discrimination, particularly as most people coming from outside the EU are not white and not Christian. That must include discrimination against people who are skilled but not academically skilled—who come here to do skilled jobs in the catering trade, for example. Finally, will she ensure that we consult on having the best possible border police force, incorporating customs, police and immigration, thereby saving money and breaking down entrenched divides that are not working in the public interest?

Mrs May: On the last of my hon. Friend's points, we will bring forward in due course more detailed proposals on the policing of our borders. On his earlier points, I draw his attention to the consultation document, which has fairness as one of its objectives, including fairness in ensuring that individuals have some understanding of the system and an expectation of whether they are likely to be able to come here under our proposals. The whole point of the consultation is to discuss with businesses and others what the best system would be and how it should operate to provide business with the flexibility that it requires, within the constraint of the annual limit.

Glenda Jackson (Hampstead and Kilburn) (Lab): Will these strictures apply to those usually immensely wealthy employers from the middle east who bring with them their own domestic servants, usually of nationalities not in the middle east? That practice has been deemed slavery, given the appalling treatment that is often meted out to those workers by their employers, not least having to work incredibly long hours, usually for no money. There have been allegations of physical and sexual abuse, and there is an almost invariable practice of the employer stealing the employee's passport. Will the strictures apply to those individual employers, and will those practices be stopped?

Mrs May: The hon. Lady raises an important point about the treatment of individuals who are brought here on the basis of working for others. I believe that Members in all parts of the House recognise that there are problems that need to be addressed, and we will indeed do that.

Mr Julian Brazier (Canterbury) (Con): My right hon. Friend has made a powerful and welcome statement, particularly in her points about skills. Does she agree that another key factor in our social problems today is a lack of adequate housing in many areas, and that in deciding on the future direction that immigration should take, the overall population factor mentioned by the right hon. Member for Birkenhead (Mr Field) is extremely important? We should consider the issue of housing in particular.

Mrs May: My hon. Friend makes an extremely important point. Housing is, indeed, one of those wider social issues that will be taken into account in the consultation, and I am sure that the Migration Advisory Committee will take it into account as it looks at wider social issues other than just the economic impact of immigration into this country.

Stewart Hosie (Dundee East) (SNP): May I agree with the Home Secretary that immigration has enriched our culture and enhanced our society? I welcome the fact that she intends to consult business and other interested parties on the implementation of the new rules. May I ask for that to include further detailed discussions with the Scottish Government, particularly the Cabinet Secretary for Education and Lifelong Learning, and Scotland's universities, to make sure that the difficulties that we have had under the current regime in recruiting world-class academic and research staff are not made worse, and to make sure that the reputation of those universities is not weakened?

Mrs May: I am grateful to the hon. Gentleman for raising that point and for reminding me that I did not make it clear in my statement that we will, of course, be consulting the devolved Administrations. Indeed, my hon. Friend the Minister for Immigration has written to the devolved Administrations in Scotland, Northern Ireland and Wales today on exactly this point.

James Morris (Halesowen and Rowley Regis) (Con): I thank the Secretary of State for her statement, which I am sure will be welcomed by my constituents who have been concerned about uncontrolled immigration. She talked about migration within the European Union. Will she give some indication of the process and timetable in relation to agreeing transitional controls on migration from new EU partners?

Mrs May: The process is very clear and is set out in the treaty. What happened previously was that the previous Government—certainly for the first tranche of accession countries that we have seen in recent years—simply failed to put those transitional arrangements in place, whereas other EU member states such as Germany did. We are absolutely clear that, with any future new EU member state, we would put those transitional arrangements in place.

Mr David Lammy (Tottenham) (Lab): A certain someone, who is often described as a towering intellect of this House, said that the right hon. Member for Witney (Mr Cameron) was planning a cap on workers, not on dependent immigrants, students or asylum seekers, so it would not work. That someone is the Business Secretary; has he changed his mind?

Mrs May: I assure the right hon. Gentleman that in relation to what we are proposing to do, it has always been our intention to look across the various immigration routes. I specifically mentioned, earlier, that we will look at the student route in relation to immigration, and we will do that in due course.

Charlie Elphicke (Dover) (Con): In welcoming the Home Secretary's long overdue implementation of these measures, may I ask about her plans to crack down on the trafficking of people, weapons and drugs? In Dover, on Friday morning, 17 people of Afghan origin were found in the back of a lorry, of whom many were children and all were in a pretty bad way.

Mr Denis MacShane (Rotherham) (Lab): What nationality was the lorry driver?

Charlie Elphicke: The lorry driver was Polish. It was a refrigerated lorry and many of the people were taken to hospital. It is important to have X-ray scanning on the French side of the border, for lorry cabs to be checked on the French side and for the French to be encouraged to do more as the first country of arrival. What measures might the Home Secretary take in that regard?

Mrs May: I am grateful to my hon. Friend for raising this issue and for reminding us of this problem as well as the number of people involved and the way that some of those being persuaded to come here are treated. We should all take human trafficking extremely seriously in this House, as, indeed, the Conservatives do. On our interaction with the French authorities, I am pleased to say that the Minister for Immigration and I have already held meetings with the French Minister for Immigration and that we are talking to the French on a regular basis about the processes that need to be in place to ensure that we can control our borders.

Katy Clark (North Ayrshire and Arran) (Lab): Will the Home Secretary confirm that any limit will have no impact on those seeking political asylum? May I also ask her to look into the case of Charles Atangana, who lives in Glasgow? He is a journalist in a trade union and is due to be deported to Cameroon tomorrow. He has previously been imprisoned there because of his activities, including writing articles that are critical of the state. Will she confirm that she, as Home Secretary, will have a compassionate approach to those seeking political asylum?

Mrs May: As I am sure the hon. Lady will recognise, I am unable to comment on individual cases such as the one she raises, but I assure her that the limit we set out today applies to non-EU economic migrants, not to asylum seekers.

Dr Julian Huppert (Cambridge) (LD): Does the right hon. Lady accept that success in research and high-tech businesses in areas such as Cambridge is fuelled by many non-EU migrants who are sensitive both to rules and to how welcome they are made to feel? What steps will she take to ensure that it continues to be possible, or even easy, for us to attract the best and the brightest to this country to help our universities, industry and economy?

Mrs May: I say to my hon. Friend that it is indeed our intention to ensure that we can continue to attract the brightest and the best. That is why we are taking steps to ensure that we do so within tier 1 migrant workers. We will consult with business and others on how we can best operate the limit to ensure that that continues.

Mr MacShane: I welcome the Home Secretary's statement, but I heard it on the "Today" programme this morning. She was right to criticise the previous Government for such things, but frankly, she is repeating all the same errors.

The Prime Minister met Mr Harper of Canada, Mr Singh of India and Mr Uribe of Colombia, but the Prime Minister must now tell them that their skilled people are not welcome in this country. Does the Home Secretary accept that her policy is frankly protectionist? I do not know whether she understands the bureaucratic gobbledegook that she had to read out, but no business can. Some of us in the House are still liberal on this issue, and the fig leaves in the Liberal Democrats ought to be ashamed.

Mrs May: I must tell the right hon. Gentleman that the technical gobbledegook of which he speaks is the rules that have been applied and how we will change the rules. Businesses understand those rules very well. The idea that the statement somehow says to every other country in the world that their skilled workers will never be able to come into the UK is completely and utterly wrong, and he should frankly be ashamed of himself for standing up and suggesting that in the House. As I said, immigration has been good for the UK, but uncontrolled immigration is not. We are ensuring that we put an annual limit on immigration. I believe that that is what people are looking to this Government to do. They are looking for us to take action on the things that we promised prior to the election, but perhaps he finds it difficult to accept that we are actually delivering on our promise.

Bob Blackman (Harrow East) (Con): The new rules announced today will be warmly welcomed not least among the rather newer residents of the UK. How will the rules be applied to ensure that not only big firms but smaller, entrepreneurial firms, which are quite often run by people from immigrant families, can bring in the brightest and the best?

Mrs May: I suggest that my hon. Friend looks at the consultation document. We are asking businesses about a number of ways in which we can apply the limit, be that a first-come-first-served system or a pool system such as New Zealand's, so that his points are taken into account. I am sure he will want to make his own representations on the matter.

Ian Paisley (North Antrim) (DUP): I welcome the Home Secretary's statement. I recognise that this is a difficult matter for any Government to deal with and that there are no easy answers, but will the cap be flexible in any way with regard to those fleeing religious persecution, especially Christians from Iran, Iraq and parts of Africa?

Mrs May: I thank the hon. Gentleman for his question, but as I said to the hon. Member for North Ayrshire and Arran (Katy Clark), who raised the issue of political asylum, the limit does not apply to asylum seekers. The statement is about economic migrants coming in from outside the EU.

Margot James (Stourbridge) (Con): I put my question on behalf of the 4.5 million people who lived on out-of-work benefits during the past decade, when four out of five of the new jobs created in the boom years went to foreign nationals. That was unforgivable and we cannot let it happen again. We were elected on a clear platform significantly to reduce immigration. Can my right hon. Friend assure the House that she will stand firm in the face of lobbying that seeks to defend unacceptably high levels of immigration again in the name of skills? The skills we do not have in this country, and indeed across the rest of the EU, cannot reasonably—[HON. MEMBERS: "Speech!"] I will give way now.

Mrs May: I thank my hon. Friend for her points. She was making a valid point about the many unemployed people in the UK who have not had the skills to take advantage of the work opportunities that have become available. Our welfare reform proposals will provide extra support to help people get into work, and that is important. She is also right to say that people are looking to this Government to ensure that we control immigration into this country.

Barry Gardiner (Brent North) (Lab): I welcome the Home Secretary's exemption for ministers of religion from these provisions, but will she go further and set in place a protocol, such as the protocols that we have at present with universities and other certified institutes of higher education, so that those coming in from certified religious institutions can be fast-tracked and not have to go through the present process with the Home Office? Often, monks or sadhus who take a vow of poverty are asked to show what wealth they have before being allowed to come here.

Mrs May: The hon. Gentleman makes an interesting point, which sounds like an early submission in the consultation process. He might like to put that forward in more detail.

Gavin Barwell (Croydon Central) (Con): I thank my right hon. Friend for her statement, which is an important first step in implementing the coalition's proposals to get our immigration system under control. She talked about restoring public confidence in our immigration system. Does she agree that, in addition to the measures that she listed in her statement, doing a better job of removing those people who do not have a right to be in this country is a key element in that regard?

Mrs May: I absolutely agree with my hon. Friend, and that is something on which we will also focus. The general public are right to expect that if someone is here without the right to be here, the Government take steps to ensure that they are removed.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): May I welcome both the statement and the direction of travel? I also welcome the direction of travel from those on my own Front Bench. Indeed, had we been clearer about our direction of travel, we might not be sitting on these Benches today.

I am, however, disappointed on two counts. First, the Home Secretary said nothing that she did not say to Radio Scotland this morning. I was not aware that it was the practice to make announcements to Radio Scotland first thing in the morning before coming to the House—*[Interruption.]* I never did that. Secondly, why does the statement address only non-EU immigration? Why do the Government not seek to repatriate powers over EU immigration? Would the Government not consider saying to their European neighbours that there will be no new accession until powers over immigration have been repatriated?

Mrs May: Perhaps the hon. Gentleman needs to listen a little more carefully to BBC Radio Scotland in the mornings, because I did not speak on it this morning, although my hon. Friend the Minister for Immigration did. I am not aware that I sound like him—

Chris Bryant (Rhondda) (Lab): In the morning you do!

Mrs May: Yes, perhaps when the hon. Member for Glasgow South West (Mr Davidson) has just got up. He suggests that what we are doing is a natural progression from the direction of his Front-Bench colleagues, but they were not proposing to have an annual limit. In fact, they have consistently derided the concept of an annual limit. It is this coalition Government who are taking the steps necessary.

Jane Ellison (Battersea) (Con): I welcome the Home Secretary's statement. In my short time as a Member of Parliament I have met people who are in this country as economic migrants and working for large, established employers who should be establishing training schemes, taking people on and equipping them with the relevant skills. Does she agree that those employers should put their efforts into setting up apprenticeships rather than recruiting low-skilled workers from abroad?

Mrs May: My hon. Friend makes a valid point about the need for employers to see what they can do to ensure that unemployed people in this country can take up job opportunities. The policies that my right hon. Friend the Secretary of State for Work and Pensions is bringing forward will ensure that we give the support necessary to help people get into the workplace.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): In my constituency fishermen from the Philippines have been very welcome in the fish-catching sector, especially as they have kept jobs in the fish-processing sector. Will the Home Secretary listen to specific information such as that when deciding the basis for work entry?

Mrs May: Let me say to the hon. Gentleman that that is the whole point of a consultation exercise.

Mr Peter Bone (Wellingborough) (Con): The Home Secretary spoke powerfully about human trafficking and how the coalition Government were going to deal with the problem. Is she happy that the Human Trafficking Centre in Sheffield has closed and is now part of the overall police effort, with the £1.8 million budget seeming to have disappeared?

Mrs May: I thank my hon. Friend for raising that issue and congratulate him on, I believe, having taken over the chairmanship of the all-party group.

Mr Bone: Tomorrow maybe.

Mrs May: I am so sorry; I am a little in advance of myself. If that does happen tomorrow, I congratulate my hon. Friend. Our honourable friend the former Member for Totnes had an excellent record during his time in this place on dealing with the issue and ensuring that it was discussed on the Floor of the House. Regardless of the result tomorrow, I am sure that my hon. Friend will continue to do that, as he has in the past. Looking at how we deal with human trafficking is an important issue, and the response of the police is an issue that I am interested in looking at both as Home Secretary and, with my other hat on, as the Minister for Women and Equalities.

Mr Philip Hollobone (Kettering) (Con): Whenever we talk about net migration, we always tend to talk about the numbers coming in, forgetting the large numbers of people going out. Given that under the previous Government net migration reached record levels, it would have been even higher had hundreds of thousands of British skilled workers not got fed up with Brown's Britain and left to go and work abroad. Will my right hon. Friend work with her colleagues across Government to ensure that Britain's skilled workers are incentivised to stay in Britain?

Mrs May: I thank my hon. Friend for that point. The good news for those many workers is that this is no longer Brown's Britain.

Points of Order

5.16 pm

Glenda Jackson (Hampstead and Kilburn) (Lab): On a point of order, Mr Speaker. During Home Office questions this afternoon, my hon. Friend the Member for Streatham (Mr Umunna) and the hon. Member for Maidstone and The Weald (Mrs Grant) asked questions about domestic violence and the concerns felt by refuges across the country about a possible serious cut in their funding. In response, the Minister seemed to confuse domestic violence with previous questions to do with rape, and kept praying in aid responses with which she hoped to furnish the House from the Ministry of Justice. If the Home Office no longer has responsibility for the issue of domestic violence or the sanctuaries from it—namely the refuges—surely this House should have had a statement to that effect.

Mr Speaker: I am grateful to the hon. Lady for her point of order, but I have a sense that, dissatisfied with the responses that she heard earlier, she is, in a sense, seeking to continue the debate. To the best of my knowledge, responsibility for the issue of domestic violence remains where it has always been. If Ministers feel otherwise, they might wish to respond to the serious point of order that she has just raised. However, I see that the Home Secretary is in her place, so it might help the House if she would care to respond to that point of order.

The Secretary of State for the Home Department (Mrs Theresa May): I am happy to confirm that the Home Office does indeed continue to have responsibility in matters relating to domestic violence, although there will be aspects of dealing with domestic violence that require the intervention and consideration of the Ministry of Justice.

Mr Speaker: Whether that response satisfies the hon. Member for Hampstead and Kilburn (Glenda Jackson) I cannot be sure, but it will have to do for now.

Mr Ian Davidson (Glasgow South West) (Lab/Co-op): On a point of order, Mr Speaker. Would it be in order for me to apologise to the Home Secretary and the Minister for Immigration for confusing the two of them this morning? Could I also point out that, in my defence, they were on the radio and all these posh Tories sound the same, and that the Home Secretary did not, however, deal with the point that the announcement was made by the Minister for Immigration this morning before it was brought to this House?

Mr Speaker: In almost all circumstances it is in order to apologise, but if that is the hon. Gentleman's idea of an apology, I am not sure that I ever want one from him.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker. You said last week, and five weeks ago, that you wholly deprecated the practice of Ministers announcing things to the press before they had announced them to the House. You will know that many hon. Members on both sides of the House complained about this when Labour was in government. We tried to

[Chris Bryant]

ensure that it did not happen and, in many cases, succeeded—*[Interruption.]* I would say to those on the Government Benches that there is no point in sneering about this. The truth is that there is no point in fighting to get elected to this House if we might as well stay at home and listen to the announcements on the television or the radio, or read them in the newspapers.

Mr Speaker, can you confirm that we had a statement this afternoon from the Home Secretary only because an urgent question had been tabled? Can you also confirm that that happened after a written ministerial statement on the subject had been laid, and that that happened a long time after the Home Secretary had given a press conference today? We now have a Government who are systematically leaking matters to the press before they are announced in the House. That should not have happened in the past, and it should not happen in the future. Only if the House takes responsibility and takes action will we be able to stop this. Otherwise, Ministers will just laugh at the House. Will you, sir, refer this matter to the Committee on Standards and Privileges? It would be good if that Committee had already been set up, of course, but the Government have not yet done that. Will you refer the matter to that Committee, so that the House can take action?

Mr Speaker: The first point that I would make to the hon. Gentleman is an important one about which we need to be clear. A reference to the Standards and Privileges Committee cannot be made on the basis of a point of order raised on the Floor of the House. A written request must be made to me, explaining the rationale for the request, and a decision on that will then be reached. That is a procedural point. Secondly, I reiterate in the strongest possible terms that I utterly deprecate the practice of releasing to the media the content of ministerial statements before those statements have been made to the House. I deprecated it in the past, both from this Chair and as a Back-Bench Member, and I continue to do so. The question of whether this has taken place on a similar, greater or lesser scale in the past is neither here nor there, because two wrongs do not make a right.

Thirdly, I simply say to the hon. Gentleman that I cannot confirm what he has just asked—namely, that an oral statement followed the submission of an urgent question. I am in no position to confirm that. I listened to the Home Secretary's explanation of the reason for changing from a written statement to an oral statement. I can confirm, however, that I am willing to look further into the particular details of this case, and to decide what, if any, action needs to be taken. We need to establish a new pattern in this Parliament, whereby this sort of thing does not happen and, if it does, action is taken. I shall look into this as a matter of urgency and revert to the hon. Gentleman and to the House. I hope that that is clear; I get the impression that it is.

Ways and Means

Budget Resolutions and Economic Situation

CAPITAL GAINS TAX (RATES)

Debate resumed (Order, 24 June).

Question again proposed,

That provision be made in relation to the rates at which capital gains tax is charged.

5.23 pm

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): My right hon. Friend the Chancellor of the Exchequer has delivered our first coalition Budget, making what he legitimately described as unavoidable choices in the face of a potential eurozone economic crisis. They will involve, first, a reduction in spending to repair the record deficit left by the previous Government. I remind the House that we inherited the largest deficit in peacetime history: for every £4 we spend today, we are being forced to borrow at least £1. According to the Office for Budget Responsibility, this Budget will put us back on track to balance the structural deficit by 2015-16, with net debt falling as a share of gross domestic product by the end of the Parliament.

Secondly, the measures will include a restructuring of the tax and welfare system, underpinned by our commitment to fairness and protecting the vulnerable, even when faced with some tough choices—and there are tough choices.

Chris Heaton-Harris (Daventry) (Con): Will my right hon. Friend kindly clarify the rate at which the Department for Work and Pensions can undertake work capability assessments for people on incapacity benefit?

Mr Duncan Smith: I was not going to deal with that at this point, but while we are on it, I can tell my hon. Friend that I know there has been speculation in the media over the past few hours and days. I can confirm that, as we said previously, we will launch the work programme in 2011, and will migrate current incapacity benefit claimants to employment support allowance over the three years. We have absolutely no intention of changing the current plan to assess 10,000 claimants per week over the period. That is our expectation. As the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) will know, it will involve challenges, but we will stick to it and see if we can get there. Unlike the last Government, we will provide an extra bit of help for those on employment support allowance who undergo the work capability assessment and need that support. My hon. Friend the Minister of State will table a statement tomorrow giving more details.

I am sure that the right hon. Lady—my opposite number—will back up what I have said. She has already expressed the hope that we will proceed with the changes that she introduced and with which we agreed.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): Will the Secretary of State confirm that his timetable is the one that we proposed for the roll-out of the work capability assessment, and that it is expected

to save about £1.5 billion over the next five years? Does he plan to make additional savings, and if so, where? The briefing that was in the papers today will have caused concern to people. Will the Secretary of State also tell us whether he will implement the small amendments to the work capability assessment that we announced just before the election in response to points raised by the citizens advice bureaux?

Mr Duncan Smith: We are continuing with the programme that the right hon. Lady left. We thought it a good programme, and I want to make it happen. She asked us to do that, and I agreed that it was right. We always said in opposition that we would do it.

As for whether we are looking for more savings, we are going to intensify the work support programme, which was not there before. I should be happy to give the right hon. Lady more detail about it, and my hon. Friend the Minister of State will make a more detailed statement. We estimate that we will be able to return more people to work, but we will keep that estimate under review. The right hon. Lady will recall that when she was Secretary of State there was a constant review of the programme to deal with the group who were flowing in. Recommendations were made, and we are paying attention to them.

Yvette Cooper: Does the fact that the Secretary of State thinks he will be able to help more people to return to work—although he has cut the job guarantee and billions of pounds from the support that would help them to do so—mean that he thinks that other people will not get jobs instead, or is he suggesting that the Office for Budget Responsibility will raise its forecast of the number of people in employment? Where will the jobs come from for the extra people whom he is going to return to work?

Mr Duncan Smith: The right hon. Lady is assuming that the economy is static, and that nothing changes in it. We believe that unemployment will fall—that is what the Office for Budget Responsibility says—and that we will therefore create more jobs.

The right hon. Lady's programme, which we inherited, provided support for the "back to work" element in only two parts of the country. We are extending support to the whole country, and that is where we will get the extra effort. We will continue the programme. We think that we have embellished it and made it somewhat better, and I guarantee that we will keep it under permanent review.

The third thing that we are doing is setting down a strong foundation for long-term reform, which is part of the Budget proposals. Although we must correct the failings of the last Government, we are committed to delivering a better future for Britain, and we have had to make the stability of our economy a priority. I know that it is difficult for many Opposition Members to talk about this, but I also know that it is what they would be talking about if they were in government. There are always difficult choices to be made at a time when we have to draw our horns in.

We have had to prioritise the stability of our economy lest we forget the shambles with which we were left. Borrowing will be £149 billion this year, the second largest amount in Europe, and, as the Prime Minister pointed out before the Budget, it was on course to double in five years to £1.4 trillion—£22,000 for every man, woman and child. As a result of the Budget, however, the debt will fall to £116 billion next year, £89 billion the following year, and £60 billion in the year after that. It will fall to £37 billion in 2014-15, and is projected to fall to £20 billion in 2015-16, with the current structural deficit back in balance. That is the task that we have set ourselves. That was the first test of this Budget: to tackle borrowing and get the deficit down. Our approach has been reinforced by the judgments of the credit rating agencies and the business lobby when they agreed on Budget day that the plan is credible. Measures include reducing current expenditure by £30 billion a year by 2014-15, stronger medium-term growth with more business support to restore UK competitiveness, and reducing regulation and tax rates; and unemployment is forecast to fall throughout the OBR's forecast period.

Glenda Jackson (Hampstead and Kilburn) (Lab): Will the Secretary of State tell the House how many credit rating agencies made that judgment? My knowledge, which I admit is limited, is that there is one individual in Florida and another rating agency company comprising three individuals in the United States of America, and also that they consistently failed to remove the triple A rating from those companies and banks that caused the economic downturn in the first place. Why are the Government listening to people who clearly do not know what they are talking about?

Mr Duncan Smith: It is not just the Government who are listening to them; it seems that the rest of the world is as well. I must remind the hon. Lady that if we are not careful—*[Interruption.]* Whatever she says, if the credit rating agencies downgrade our rating, we would, like Spain and Greece, be paying far more to borrow the money that we are borrowing as a result of the previous Government's position. Whether or not we agree that the credit rating agencies got it right on the banks is irrelevant, therefore. In this particular case, the question is whether or not we would end up paying more as a result of their bad rating, and that is something we were not prepared to risk. This is a Budget to get the economy back on track. It is a Budget to support the recovery and drive down the deficit, and, most importantly, to get Britain back to work.

Despite facing the tough and unavoidable choices forced on us by the fiscal position left by Labour, we are increasing the threshold for paying the basic rate of income tax, and increasing the child element of the child tax credit by £150 above indexation next year. We are making sure that the most vulnerable do not pay disproportionately.

Bob Russell (Colchester) (LD): On that point, will my right hon. Friend advise me whether the current level of 3.9 million children living below the poverty line—inherited after 13 years of failure by a Labour Government—will be increased or decreased by the end of this Parliament?

Mr Duncan Smith: Directly in terms of this Budget, there will be no increase at all; that figure is approved by the OBR, and it is our determination to drive the figure down. Let me say to my hon. Friend that he is right: we have inherited from Labour one of the worst records of household unemployment in western Europe and, worse

[Mr Duncan Smith]

than that, we have the highest number of children living in workless households in the whole of western Europe. That is a shameful record of the previous Labour Government, and although Labour Members go on about it, it is we who have to deal with it, and I promise my hon. Friend that we will deal with it.

Yvette Cooper: Will the Secretary of State confirm that the number of children living in workless households has fallen from about 2.3 million in 1997 to 1.8 million today, and that it was, in fact, his party when in government previously that trebled the number of children in poverty?

Mr Duncan Smith: If the right hon. Lady wants to go on fighting past elections, she can; it will not change the results of them. The reality is that under her Government, child poverty rose—*[Interruption.]* It rose from 2004 onwards, and the Government threw a lot of money at it and absolutely failed. Under her Government, in the last seven or eight years child poverty has risen dramatically, and I have to point out to her that she has failed to recognise that as a result of their policies child poverty is now at serious risk of rising even further. We have to get it down.

Several hon. Members *rose—*

Mr Duncan Smith: I will give way in a minute; I want to make a bit of progress first.

Universal child benefit will be frozen, but benefits will be recycled so that they are targeted at the most vulnerable through child tax credits. Thereby, the poorest will be protected. That is exactly what we will do in this Budget.

We will freeze public sector pay, but we will also increase the pay of those on the lowest incomes. I am sure the right hon. Member for Normanton, Pontefract and Castleford will welcome the fact that half the employees—the lowest paid—at her former Department will get at least £250 this year and next.

We will protect health spending, which was a priority, and honour our international aid obligations. We will reduce the deficit by raising taxes more and cutting spending less, but we will also reduce corporation tax from 28% to 24% to make the UK more competitive internationally and get people back to work. We will reverse the cynical pre-election clawback by the previous Government from this year's uprating forecast, and we will do the decent thing and fill the gap they left. We were left with a £300 million shortfall, because the previous Government had uprated benefits when the retail prices index fell below zero but had made no provision to find that money in 2011, so benefits would have been uprated less than the uprating we shall put through next year.

Let us not forget that we chose to take hundreds of thousands of low-income individuals out of tax, improving work incentives. More than 880,000 people on the lowest incomes will be taken out of tax altogether and 23 million taxpayers will benefit. That is a Liberal choice—I say that to the hon. Friends sitting on my right—and one I wholeheartedly support.

Emily Thornberry (Islington South and Finsbury) (Lab): The right hon. Gentleman talked about making sure that the most vulnerable did not pay disproportionately. Is he aware that in Islington, 2,154 families are in private accommodation on housing benefit and a third of them will be affected by the new caps on housing benefit? If and when they face eviction, what help will the Government give to stop hundreds, if not thousands, of Islington families being made homeless? If they are made homeless, what help will he give to get them somewhere to live?

Mr Duncan Smith: The hon. Lady is looking at things in a rather doom-laden way. The reality is that the changes to housing benefit will assist people into the right level of home. At the moment, through local housing allowance, we are paying vast sums of money to people who would not be able to get the same money if they were in employment. For example, in south-east London, which is similar to the hon. Lady's area, people on low incomes living in private rented accommodation would still—even with the caps in place—be nowhere near the level of money that somebody on local housing allowance receives. That is not fair on those who are striving and working, but having to struggle to live in a house. Before the hon. Lady carps too much, she should recognise that we have also increased the discretionary payment, trebling it to £60 million. If there are specific difficulties there will be money for local councils to help and assist.

Mr Andrew Tyrie (Chichester) (Con): May I take the Secretary of State back to child poverty? Page 34 of the Red Book makes it clear that there will be

"no measurable impact on child poverty in the next two years"

of Budget measures. Can he explain why the Government have published that assessment only for a two-year period and whether he will commit to publishing an assessment for the whole of the planning period?

Mr Duncan Smith: Indeed, we will. We shall launch a strategy in March next year and I promise my hon. Friend that I shall inform him about how it goes. As I pointed out, child poverty has risen by more than 100,000 since 2004, so when the Opposition lecture us about child poverty they ignore the facts. They spent a lot of money but they failed to meet even their targets.

Simon Hughes (Bermondsey and Old Southwark) (LD): Does my right hon. Friend agree that although the welfare state is obviously necessary to protect the poor and vulnerable, it has often acted as a disincentive for people to go from being out of work to work? I know that from my constituency. Will he ensure that over the next few weeks, when we consult on the future of the welfare state, all the relevant charities, agencies and local councils, which are very knowledgeable about such things, are fully involved so that the outcome is informed by the facts and not by prejudice?

Mr Duncan Smith: I give my hon. Friend absolute confirmation that we shall consult widely. As he knows, we are planning to reform the benefit system so that it no longer acts as a major disincentive for people to go back to work. We have had to take decisions in the Budget, but beyond that we want to bring forward

changes that make work pay—significantly for those going to work for the first time, as they understand. My comments at the weekend were about the need to recognise that often people want to move 10 or 15 miles to take a job, but they worry about the cost of travel to work or losing their house. The coalition has to look at that sort of thing to see whether we can make it easier for people to make decisions and take risks without being punished every time, as with the last Government. It is worth remembering that, of all social housing tenants—it is a falling figure—only 5% change their houses during the year, whereas 35% of low-income private tenants change. That is the problem: they are static, and they are stuck in what they do.

Mr Andy Slaughter (Hammersmith) (Lab): When will the right hon. Gentleman publish more details of the proposals for the cuts in housing benefit? The local authorities affected, such as mine in Hammersmith, which is a Conservative authority, really do not know what is happening, other than that 750 families, at least, will have to move out of the borough because even the substandard accommodation that he clearly wants them to move into is not available in central London. How does he expect those families who move to areas where less work is available than in central London to find jobs, as he says that he wishes they would?

Mr Duncan Smith: In fact, over a third of all the properties available for rent are available below the 30th percentile. The reality is that property is out there, and we know that we can do it. Of course, I did not say at any stage that these changes would be easy. They will not be easy—we recognise that—and they will not happen overnight. They will not start until next October, and most cases will be reviewed only on their anniversary, which could be anything up to a year and a half or two years away.

Several hon. Members *rose—*

Mr Duncan Smith: Excuse me; I am answering the hon. Member for Hammersmith (Mr Slaughter) if hon. Members do not mind. We will publish the full details, and he can discuss them with us at any time—the door is always open, as soon as I am ready.

I felt it unfair therefore to make such a change, and I agreed that we needed to ensure that we protected the worst-off.

Mr David Lammy (Tottenham) (Lab): Will the right hon. Gentleman give way?

Mr Duncan Smith: I will give way in a second; I think that I have been reasonably generous.

I should like to return to the choice on the uprating of benefits—something on which, I guess, Opposition Members will want to intervene. Before the Budget, there was some media speculation, much of it fed by the Opposition. In fact, I think that the right hon. Member for Normanton, Pontefract and Castleford said that she would not support a freeze of benefits and that she would definitely want to oppose that. The media speculation was that we would go to that—in fact, I believe that that would have saved some £17 billion over the lifetime of this Parliament—but I resolved not to do that. We decided that it would be unfair for the worst-off. Instead, the Chancellor and I agreed that we would continue to uprate benefits by the consumer prices index, which is forecast in the Budget to be 2.7% this year. Of course, the CPI does not include housing costs, and it seemed more reasonable. However, the right hon. Lady was reviewing that before she left office, and I am sure therefore that she will want to tell me that she agrees with the uprating, rather than remaining as we were. I would therefore like her to tell me exactly what reduction in spending she was planning as her Department's share of the £45 billion. I will give way to her if can tell me which elements of saving she would have made in her budget. She does not want to use the CPI; what was she going to do that added up?

Yvette Cooper: In fact, as the right hon. Gentleman will be aware, the additional support that we have put in to help the unemployed has kept unemployment at about half the level of previous recessions and nearly 750,000 lower than it was predicted. That in itself is likely to save more than £15 billion over the next five years. We believe that the right way to do welfare reform is help people into work, not just to slash the support for the most vulnerable people in society.

Mr Duncan Smith: I am very sad that the right hon. Lady chose not to answer the question. When I give way to an intervention from now on, I will ask Opposition Members—this goes for all of them—the very simple question: what would they have reduced? They were in government not two months ago, and they have left us with a terrible problem.

Chris Bryant (Rhondda) (Lab): Will the right hon. Gentleman give way?

Mr Duncan Smith: Before I give way—I will give way in due course—I want to make a bit more progress, and I want Opposition Members to tell me what they would have advised the right hon. Lady to cut from the Department's spending. It is utterly unreal that they can sit there now in opposition as though they have been there for six years and they had nothing to do with the mess. After all, the right hon. Member for Birmingham, Hodge Hill (Mr Byrne), who is sitting on the Front Bench right now, said that there was no more money left, so where was the right hon. Lady going to get the money from?

Chris Leslie (Nottingham East) (Lab/Co-op): Will the right hon. Gentleman give way?

Mr Duncan Smith: I will give way in a second; I think that I have been reasonable.

Our action to increase benefits in line with headline inflation measures is in marked contrast to the actions of the previous Government. I mentioned that there was no provision to find the extra £300 million that they would have reduced next year's budget by. Let me look at some of the other measures. Today in the UK, nearly 2 million children grow up in homes where no one works. They are at risk of poorer outcomes than those of their peers in working households. That is unacceptable, so the Budget will deliver fairness for children and families while protecting the vulnerable. To help lone parents to raise themselves out of benefit dependency

[Mr Duncan Smith]

and into work, our measures include lowering the age at which lone parents will be expected to move into work to when their youngest child reaches five. However, it is important to remember that jobcentres have wide discretion on this, and as they assist parents, they will of course have the capacity to examine how things fit in with parents' requirements around their children's education. It is right and fair that lone parents should work as and when their children are in school, although more particularly in this case that will be part-time work.

When we are restricting eligibility for the Sure Start maternity grant for the first child, it is right that we provide additional support for families to buy essentials. However, it is also right that these essentials are not repeatedly bought for subsequent children but used again, which is what is done by many hard-working families on low incomes. For multiple births, the grant will come through a corresponding number of times, so people who have triplets or twins will receive different lots of that £500. Further help may be available from the social fund if there is an additional need.

Chris Leslie: I certainly disagree with the reduction in the maternity allowance, but can the right hon. Gentleman justify scrapping the health in pregnancy grant? The money would have been available for the grant, by the way, if the Government had been tougher on the banks with the banking levy.

Mr Duncan Smith: The reality is that the grant came far too late and had no effect on improving women's health, which was its original target. It was actually paid after the child was born, so the whole grant was a nonsense from start to finish. Getting rid of it has affected nothing out there and there are far better uses for the money.

Mr Stewart Jackson (Peterborough) (Con): Did my right hon. Friend read last week that the media commentator Stephen Pollard had spent his family's health in pregnancy grant on a trip to the Fat Duck restaurant in Bray? That is an example of a lack of proper targeting of those who are most in need of such funding, and it shows why we were right to get rid of the grant.

Mr Duncan Smith: I thank my hon. Friend for that example. We have put £2 billion into the child tax credit because we believe that that is a far better way of helping poorer parents. The grant is rather indicative of the way in which the previous Government scattered money around in the hope that they could buy some votes in the run-up to the election although, as was demonstrated, that failed.

Several hon. Members *rose—*

Mr Duncan Smith: I want to move on to housing fairness and work incentives, but I shall give way in due course. I have been pretty reasonable about that.

Chris Bryant: In your view.

Mr Duncan Smith: Perhaps not in the hon. Gentleman's view, but he has never been reasonable in my view, so good luck to him.

The Budget tackled the ballooning cost of housing benefit. In real terms, the cost of working-age housing benefit has increased from £10.6 billion to £15.4 billion in 2010-11. If the system was left unreformed, it is projected that the housing benefit bill would reach £21 billion in 2014-15. It is out of control and what is more, housing benefit is often unfair for working families. Today, a tenant in a five-bedroom house in an expensive area such as Westminster could feasibly get more than £100,000 a year. Although that example applies to a small number of people, some 750,000 get more than £10,000 a year. Those cases are still in the minority, but they happen far too often. It is unacceptable and unaffordable that people on benefits are living in homes that our hard-working families cannot afford, so we have capped local housing allowance levels at the rate for four-bedroom properties.

Sheila Gilmore (Edinburgh East) (Lab): Is the right hon. Gentleman aware that the biggest reason behind the increase in housing benefit is the lack of affordable rented housing in this country? Most of my constituents would rather live in an affordable rented house than a private rented home.

Mr Duncan Smith: Oh dear me; there is no stopping Labour Members sometimes. I must say to the hon. Lady: whose fault is that? The Labour Government slashed the building programme, so Labour Members have only themselves to blame. Everyone warned them about the problem for years. As far as we possibly can, we need to ensure that the houses that people occupy are of the size that they need. We should not have elderly people trapped in houses that are far too large for them and that they cannot look after. Only the most expensive areas will be affected by the cap.

Several hon. Members *rose—*

Mr Duncan Smith: I will give way in a minute.

We have also introduced size restrictions to the social rented sector to make better use of existing housing stock, changed the percentile of market rents for local housing allowance rates to 30% to keep rents under control, time-limited the housing benefit award for jobseekers to reinforce back-to-work incentives and changed the current system of mortgage interest support, in which 92% of customers get more help than they need.

Of course I am listening to the concerns about the potential impact of housing benefit reform, and we will keep it under review. That is why we are tripling the discretionary housing payment to £60 million and we will provide for an additional bedroom for non-resident carers, who may need to stay overnight—something, by the way, that the other Government could have done and never did.

Several hon. Members *rose—*

Mr Duncan Smith: I give way to the hon. Member for Wakefield (Mary Creagh).

Mary Creagh (Wakefield) (Lab): I can tell the right hon. Gentleman that there are no fat ducks in Wakefield. What we do have is a large number of poor families who will be hit by his cut to the Sure Start grant. I can tell him that if someone has a child who is two, they cannot expect a baby to travel in the same pushchair. I can tell him that if someone has a child of six of seven, they have already given away the pushchair by the time the next baby comes along, because that is how families organise themselves. He argues that people should reuse and recycle goods for babies, but people cannot fit two babies in the same cot—is that what he is now suggesting families in this country should do?

Mr Duncan Smith: I must say to the hon. Lady that that is a pretty poor intervention. The grant of over £500 for every child was far more than most poor, working families would ever achieve from any other source. As I told Labour Members earlier, we have to make tough choices. This is an area where people can share. Having had children myself, I know, as will many others in the House, that people share clothing and pushchairs. They do what they can to get by. There was a ludicrous idea that every child required the same amount of money, and I am afraid that in these difficult times we have had to take a difficult decision. I say to the hon. Lady that we are not going down the road she suggests.

Mr Clive Betts (Sheffield South East) (Lab): Does the right hon. Gentleman accept that the Institute for Fiscal Studies, in its report on the Budget, said that the new measures were largely regressive, and that was before housing benefit cuts were taken into account? A survey at the weekend by Tim Horton and Howard Reed said that if the housing benefit cuts and spending cuts were taken into account, the poorest 10% were likely to face a six times greater reduction in their spending power than the richest 10%. Does that make it a fair Budget, in the right hon. Gentleman's opinion?

Mr Duncan Smith: The IFS talked about it being debatable whether the Budget was regressive or progressive. I say honestly to Labour Members that if they do not like these measures and if they really want to be taken seriously, they need to tell me what they would have done. Had they won the election—heaven help us—they would have been on this side of the House justifying reductions in spending, not playing games on the other side. If the hon. Gentleman wants to say that this is unfair, he should tell us what would have been a fair way of getting that £45 billion reduction.

I am committed to ensuring that disabled people and carers receive the support that they deserve. I have therefore asked the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller), who has responsibility for disabled people, to undertake a strategic review, taking a principled look at the support provided for disabled people across the piece, to ensure that the effect of all the measures is appropriate and that they work.

Over the last decade, spending on disability living allowance—this is the issue—has spiralled out of control, and the system has been vulnerable to error, abuse and, in some cases, outright fraud. In just eight years the numbers claiming DLA have risen by around 700,000. In 2010-11, spending is on track to reach just over £12.1 billion, twice the level of the 1995-96 spending in real terms. That is a significant sum, and we need to make sure, for the taxpayer, that the money is paid to those who desperately need it. That is why we need a proper medical assessment. It is not about cutting support for people who live with serious disability or health problems; it is simply about making sure that we target support at those who need it, and the system remains fair and affordable.

Mr Russell Brown (Dumfries and Galloway) (Lab): I welcome the right hon. Gentleman to his new post. He will recollect that towards the end of the last Parliament the entire House agreed to an increase in disability living allowance for blind people. Will he give the House a guarantee that he will not go back on that decision?

Mr Duncan Smith: We will give that guarantee. We will be laying the regulations for that this week, so there is definitely a commitment to go ahead.

Several hon. Members *rose*—

Mr Duncan Smith: As the hon. Member for Rhondda (Chris Bryant) has been standing up so often, I will give way to him.

Chris Bryant: I am very grateful to the Secretary of State. My constituency has one of the highest levels of those on sickness benefits of various kinds. There are historical reasons for that. He asks what I would like to see. I would like to see fewer of my constituents on unemployment benefits and fewer people on sickness benefits because they were in jobs. The difficulty is how one achieves that without cruelty to those who desperately need support and want to be able to go to work. The vast majority of my constituents are not looking for handouts; they want to be able to get into work.

The right hon. Gentleman talks about people moving house. My concern is that that does not apply in constituencies such as Rhondda because we have a very high level of home ownership. For those people, unless he really is talking about just upping sticks and moving to another part of the country, what he is saying poses the very real danger of increased poverty. How will he make sure that those people have a chance in future?

Mr Duncan Smith: That is a very reasonable question. As I said earlier, we did not want to be here in the first place. We have inherited a major deficit, and we have to eradicate it. Whoever was to be in government—the hon. Gentleman should know this, having been a Minister—was going to face tough choices. There is no easy choice. Of course I recognise that he has a problem. We have said that we will increase the discretionary allowance. We also want to make sure that more money is spent on areas such as his that can, in turn, develop more jobs. That is a priority, and we will be making announcements about that.

These decisions are not about taking money away from people who need it; they are about making sure that those who need money get the money that they need. Nobody, after these checks, will have money taken away from them who can genuinely demonstrate

[Mr Duncan Smith]

that they should be receiving DLA. The key point is to make sure that those who do not need it are seeking work.

Chris Bryant *rose—*

Mr Duncan Smith: I have already given way to the hon. Gentleman. If he will forgive me, I want to make some progress.

I started with a clear argument that the first coalition Government faced some unavoidable choices. I know that the Opposition, having been in government a couple of months ago—*[Interruption.]* The Opposition say that the choices are not unavoidable, but I would love to know what they would reduce if they were in government. What would be their choices? We have heard nothing about that except their talk about the £45 billion—not a single word about a penny piece being cut from any budget. We have to make spending cuts to repair a record deficit, reform the tax and welfare systems while protecting the vulnerable, and set the foundations for long-term, sustainable recovery.

Mr Lammy: The right hon. Gentleman has confirmed that he believes that there will be an exodus from central to outer London, and he has said that there is housing to accommodate those people. What is his assessment of that housing in Chingford? Can he confirm that he will be doing a race impact assessment?

Mr Duncan Smith: I am happy to consider a race impact assessment—that is reasonable—and if the right hon. Gentleman wants to come and talk to me, my door is open.

We believe that there is enough housing in London. Of course, I did not say that this was going to be easy. The point is that far too many people in houses in central London are paid significant sums—over £100,000 in some cases. That is unsustainable. As much as I like the right hon. Gentleman—he is a fellow Tottenham supporter—I have to say to him that he knows as well as I do that these are tough choices, but they are ones that we believe that we can manage. We have tripled the discretionary fund to allow for difficult cases, and I suspect that a significant amount of that will be used in London because the nature of London means that there will be issues. We will get through this, and I guarantee that we will keep the situation under review. My offer to the right hon. Gentleman still stands.

Mr David Ward (Bradford East) (LD): The Chancellor ended his Budget speech by saying that it

"laid the foundations for a more prosperous future. The richest paying the most and the vulnerable protected: that is our approach." —[*Official Report*, 22 June 2010; Vol. 512, c. 180.]

If the actuality falls out of line with the intention, will measures be brought forward to bring it back into line?

Mr Duncan Smith: My hon. Friend has to recognise that one needs to see the Budget in the round, over the lifetime of this Parliament and in terms of reform. What I want to do is introduce reforms that focus benefit money—the money that we spend—hugely on the poorest in society. That must be our priority. Right now, the benefit system that we inherited is out of kilter, and has sucked in too many people on higher incomes, and has left too many people on low incomes desperately looking for work, but unable to find it. The answer to my hon. Friend's question is that we are absolutely—and I am, too—determined to reform the system, so that the poorest benefit the most, and we make sure that they receive assistance to change their lives and become more profitable in all that they do.

Several hon. Members *rose—*

Mr Duncan Smith: I am going to continue.

We have to seize the long-term prospectus for reform, and I shall introduce radical, long overdue changes to the welfare system, reforming the working-age benefit and tax credit system with measures consistent with our core principles: protecting the most vulnerable; improving incentives to work and providing the best route out of poverty; and tackling the pathways into poverty, welfare dependency, family breakdown and debt. That is crucial if we are to tackle income inequality, which is at its highest since records began in this country.

John Howell (Henley) (Con): A vulnerable group that my right hon. Friend has not yet mentioned is pensioners. Will he say something about what we intend to do to protect pensioners' incomes?

Mr Duncan Smith: I was going to come on to that, but I shall deal with it now.

As my hon. Friend knows, the Minister of State, Department for Work and Pensions, my hon. Friend the Member for Thornbury and Yate (Steve Webb), fully supports all of this, and has made an announcement. *[Interruption.]* We are a coalition, and we are together. He has announced some radical proposals on pensions, and I am enormously proud to be the first Secretary of State for Work and Pensions to say that we have relinked pensions and earnings. Moreover, even in these difficult times, we will triple-lock that pension, so that it will rise in line with earnings or prices, whichever is highest, or by 2.5%. *[Interruption.]* I heard the hon. Member for Wallasey (Ms Eagle) chuntering about the consumer prices index, but earnings will rise in due course well above that, so she does not know what she is talking about. *[Interruption.]* Okay: she had 13 years to do that, but she did not do it. She should go and look pensioners in the eye, and tell them why the previous Government did not do so, when they had the opportunity.

The coalition is proud to make sure that we will reform the system that we have inherited. We will reduce the deficit, and we will improve the lot of the poorest in society. We will look back on this and say, "What a shameful 13 years the other side had."

6.2 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Secretary of State told us in May in his first speech that he would work to improve the quality of life of the worst-off in Britain. He said that

"we are here to help the poorest and most vulnerable in our society."

He has just spent 40 minutes defending a Budget that kicks the poorest and the most vulnerable in the teeth.

How does that sit on his conscience? Was it his idea, or was it the Treasury's, to tell a woman in her fifties, who has given up work to look after her elderly parents that, in fact, what they wanted to do was cut housing benefit and make her pay VAT—hundreds of pounds a year—and that even her carer's allowance over the next five years would be cut in value by about £90 a year? Was it his idea, or was it the Treasury's, to tell someone who is severely disabled—

Mr Duncan Smith *rose*—

Yvette Cooper: Perhaps the right hon. Gentleman can answer this point as well if he is going to respond. Was it his idea, or was it the Treasury's, to tell someone who is severely disabled and really cannot work, "We're going to cut the value of support over the next five years by £300 a year"? If he could answer those points, that would be very welcome.

Mr Duncan Smith: I should be grateful if the right hon. Lady answered the original question. She was in government not two months ago. *[Interruption.]* No—the Opposition have to recognise that they have only just left government, so we have a legitimate right to ask the question. They left the deficit behind, which will lead to real problems for Britain—we have had to resolve it. If she does not like what we have done, what would she have done instead? Will she answer that question?

Yvette Cooper: The right hon. Gentleman has not answered the question. He has not explained why he claims to help the poorest and most vulnerable, yet is cutting the benefits of those who are poorest and most vulnerable in society. Government Members like to claim that this is inevitable. This is an ideological choice that they are making. They have chosen to cut an extra £40 billion from the economy. They have chosen to cut an extra £11 billion from the value of benefits and tax credits. They have chosen to cut an extra £17 billion a year from Government Departments, and they have chosen to increase VAT. They have chosen to cut the deficit at a pace that is not only unfair and destructive to our public services but damaging to our economy.

Elizabeth Truss (South West Norfolk) (Con): Will the right hon. Lady tell us exactly what the maximum level of housing benefit should be? Does she think it right that we are paying people more than £100,000 a year?

Yvette Cooper: No, I do not, which is why we introduced cuts in support for the highest rents as a result of the previous Budget, and set out a series of further reforms. I want to return to the point about housing benefit in a moment, because it is important.

Clive Efford (Eltham) (Lab): On page 33 of the Red Book, paragraph 1.102 makes it quite clear that the Government intend to reduce housing benefit to people of working age if they under-occupy council housing. In his response to an intervention, the Secretary of State referred to pensioners under-occupying social housing. Does that not give the lie to what is in the Red Book, and show the real intention of housing benefit changes, which are an attack on pensioners?

Yvette Cooper: My hon. Friend makes an important point, and I am happy to accept an intervention from the Secretary of State if he wants to clarify the position, because he did indeed discuss pensioners who under-occupy homes across the country. It is right that we help and support people who want to move to smaller homes as they grow older, but he needs to give us an answer. If he is telling elderly people and pensioners that they are going to have to move out of the home where they have lived all their lives, and where they have brought up their children, that has severe consequences. He must clarify his position, because my hon. Friend is right.

Simon Hughes: The right hon. Lady's attack appears to be that the measures introduced by the Government are ideologically driven—something that is difficult to justify with regard to my right hon. Friend the Chief Secretary to the Treasury; the Minister of State, Department for Work and Pensions, my hon. Friend the Member for Thornbury and Yate (Steve Webb); and others, who have a record of campaigning for the poor and disadvantaged. Might not the same fallacious argument explain why, for 13 years, the Labour Government never linked pensions to earnings? Was that an ideological option? I hope it was not but if it was, the right hon. Lady cannot make the argument, because it is fallacious.

Yvette Cooper: The hon. Gentleman is right that there are many members of the Government who have indeed campaigned against poverty for many years, which is why their betrayal of the people whom they have stood up for is shocking. He will recall, too, that it was the Labour party that legislated and changed the law to restore the link with earnings. He should look rather carefully at the increase that, in practice, pensioners will receive over the next few years compared with the old standards. He will find that the new proposals are rather less generous than they appear at first sight.

Chris Bryant: Is there not also a real danger that the Government are presenting us with a straw man on housing benefit? In many of the constituencies that have the biggest problems in the land in trying to get people into work, it is not a question of people being paid more than £400 or of their living in houses that are too large, but of people living in houses that are not large enough and not looked after well enough by unscrupulous landlords. What we need to do if we want to help young people to grow up in households where there is work is to give them real opportunities to work.

Yvette Cooper: My hon. Friend is right that the key is helping people into jobs, yet the Budget cuts the number of people in work, increases the number of people on the dole, cuts the help for people to get back to work, as well as cutting the income of carers and the severely disabled, cuts help for kids, and hits the elderly with a VAT hike. Nothing in the Budget will get a single extra person back to work. Instead, it cuts the number of people in work.

Kwasi Kwarteng (Spelthorne) (Con): To what degree does the right hon. Lady believe that the previous Labour Government were responsible for the massive budget deficit that we face?

Yvette Cooper: We have been through the greatest global recession for many generations. That has had an impact on economies across the world, pushed up unemployment across the world, and pushed up borrowing across the world. We think it was the right thing to do to increase borrowing in response to the recession. That is why unemployment in this recession has been about 5%, compared with 10% in the recession of the 1980s and 1990s. Helping more people back into jobs has saved us money and also helped to put borrowing in a stronger position.

Minister after Minister has tried to pretend that this is a fair and a progressive Budget. The Liberal Democrats are clinging to the fig leaf of their increase in personal allowances, despite the fact that it is more than blown away by the hike in VAT. The Prime Minister said last year about VAT that

"it's very regressive, it hits the poorest the hardest. It does, I absolutely promise you. . . VAT is a more regressive tax than income tax or council tax."

That, then, will be why the Government have cut council tax, cut income tax and increased VAT to pay for it. As the Institute for Fiscal Studies made clear, the Budget is regressive, no matter how many times Ministers try to pretend the opposite.

Bob Russell: Does the right hon. Lady agree with the study by the Fabian Society and the Webb Memorial Trust that shows that 20% of the population is living in poverty? Talking about betrayal and 13 years of Labour Government, the inequality in Britain today, on some measures, is at its highest since the early 1960s.

Yvette Cooper: As the hon. Gentleman knows, the level of child poverty is some 600,000 lower than it was in 1997 as a result of the action that the Labour Government took. He also knows that we deliberately made the measures of poverty by which we were judged relative measures. Of course, that makes matters harder as the economy grows, and of course there is always more to do. That is why we believed it was right to do more to help the poorest and those who were struggling—in contrast with this Budget, which does the opposite. Pensioners do not get the income tax cut, but they have to pay more in VAT. Those on the lowest incomes do not get the income tax cut, but they have to pay more in VAT.

The Ministers are like fraudsters in the fairy tale, telling gullible Liberal Democrat MPs about the beautiful progressive clothes that the emperor is wearing, if only they are clever enough and loyal enough to see them. Liberal Democrats are clinging desperately to shreds of invisible cloth, reaching deep into their Liberal and Conservative history to pretend that they can be progressive now. They are claiming that Keynes might have backed the Budget. They are calling on Beveridge for support, kidding themselves that they can call on their history and that they are following in the footsteps of great liberal Conservatives like Winston Churchill, who supported the minimum wage, but the truth is that the emperor has no clothes.

The truth is that if we look at the detail, the Budget is nastier than any brought in by Margaret Thatcher. Instead of Churchill, Keynes or the founders of the welfare state, the Liberal Democrats have signed up, with the Secretary of State for Work and Pensions and his Chancellor, to cut support for the poor. It is perhaps apt that in this week of World cup disappointments, it was a footballer who got it right. In 2002, after England were defeated in the World cup by Brazil, Gareth Southgate reflected ruefully on England's performance and said:

"We were expecting Winston Churchill and instead got Iain Duncan Smith."

That is the reality for the Liberal Democrats now. With all their high hopes, they have betrayed the poor and the vulnerable, whom they stood up to defend.

The Minister of State, Department for Work and Pensions (Steve Webb) *rose—*

Yvette Cooper: I will give way to the hon. Gentleman because I know he has a history of supporting people on low incomes. I do not know why he is betraying it now.

Steve Webb: I am grateful to the right hon. Lady. Will she confirm a fact for us about the pension rise that she pencilled in for 2012? Whereas we have guaranteed a minimum of 2.5%, can she confirm that her spending plans proposed a pension rise below 2.5%?

Yvette Cooper: As the hon. Gentleman knows, the old uprating rules are that the pension should go up by either RPI or 2.5%. If he had stuck to those old rules, pensioners would be better off in 2012, 2013 and 2014. As he also knows, all parties supported restoring the link with earnings in the next Parliament, but his proposals cut the support for the additional pension for 6 million women and 4 million men by £100 a year, as a result of his upratings by CPI, rather than RPI.

Steve Webb: As a new Minister, I have had to reply to many letters complaining about what the previous Government did. One of things that people complain about is the freezing of the additional pension by the right hon. Lady's Government in April 2010. Can she confirm that under our CPI policy, the pension would have gone up in April 2010? Can she confirm that she froze that pension for millions of people?

Yvette Cooper: The hon. Gentleman will struggle to defend his progressive history if he quotes selectively from the figures. He knows that the Budget sets out the additional cuts and savings that he will make from benefits, tax credits and public service pensions from the switch to CPI indexation from 2011-12, which includes, as he well knows, the additional pension and much additional support for pensioners—and which he hid from pensioners on Budget day. That will lead to cuts of £1.17 billion in 2011, £2.2 billion in 2012, and £3.9 billion in 2013.

Perhaps the hon. Gentleman should also consider this: he had his negotiations with the Conservatives about the personal allowance that they were so keen on, yet they failed to consider extending that personal allowance increase to pensioners. They left pensioners out. If he really cared about pensioners, he might have increased the personal allowance for pensioners. As a result, all the pensioners across the country do not benefit from the increase in personal allowance, but they will pay hundreds of pounds extra every year in VAT—an increase that members of his party opposed,

campaigned against and shouted about in the run-up to the election. Where are their principles now? Now they are ditching all those commitments and all those principles because they are happy for pensioners to pay hundreds of pounds a year more in VAT.

Ian Swales (Redcar) (LD): Can the right hon. Lady remind me, a new Member, which Government it was who gave pensioners a 75p a week increase?

Yvette Cooper: I do not think that was right. That is why it was right to increase the support for pensioners, to increase the winter fuel allowance and to bring in a floor, so that never again would pensioners face such an increase.

Members on the Government Benches jeer and call, but what are they going to do to the winter fuel allowance and to free bus passes? They are already briefing the newspapers that they plan to cut the winter fuel allowance and free bus passes, and that that is needed to protect the police and public services. I invite the Secretary of State to intervene and to confirm that he will make no cuts in the winter fuel allowance every year for the next five years.

Mr Duncan Smith: I tell the right hon. Lady that the coalition gave a commitment. We are paying the winter fuel payment.

Yvette Cooper: I hope that meant for this year, next year and future years. *[Interruption.]* The right hon. Gentleman says that he is paying the winter fuel payment in full. It is not clear, however, what he thinks the full level is. Perhaps he could make the same commitment about free bus travel. Will he stick with free bus travel and not cut it for the next five years?

Mr Duncan Smith: I shall tell the right hon. Lady what I am going to do. I am going to answer questions when she answers this question: what would she have reduced with a £45 billion requirement on her head to cut the deficit? Until she owns up and answers that question, she has no right to ask us any more.

Yvette Cooper: The right hon. Gentleman has gone £40 billion further. He has proposed an additional £40 billion of cuts that we do not think are the right thing to do. He asks what we would have done, but I am sure that he has read chapter 6 of the March Budget, which sets out £20 billion of saving cuts in some detail and a further £19 billion in tax increases. I shall tell him what else we would not do: we would not waste money on measures such as free schools and the married couple's allowance.

Nothing in the Government's plans will get a single extra person back to work. In fact, the opposite is true. The Budget cuts the number of jobs in the economy by 100,000 a year. It increases the number of people on the dole by up to 100,000 a year, and that is on the admission of the experts the Government appointed. At the same time, the Government are cutting 200,000 jobs and training places and the youth guarantee and job guarantee schemes. How on earth will they get more people into work if they keep cutting jobs?

Mr David Anderson (Blaydon) (Lab): Does my right hon. Friend share the concerns of the Royal College of Nursing, which, in relation to a Department that allegedly is protected, suggests that at least 5,500 and, possibly, as many as 30,000 front-line nurses' jobs will go?

Yvette Cooper: My hon. Friend is right that the Government's proposals do not even include the consequences of the spending review and the proposed additional £17 billion of cuts in public services.

We think that it is better for people to be in work than on the dole, and that is why we funded the future jobs fund and additional support and jobs. They were often in the community and run by the voluntary sector, and they helped young people to obtain the skills that they needed and to stay off the dole. Yet, shockingly, the Government have cut 90,000 jobs through the future jobs fund, putting all those people—additionally—back on to the dole and pushing up unemployment bills. As a result, even on the OBR's calculations, those measures will cost the Government £2 billion more over the next four years. They will have to pay additional benefits for the unemployed, and the financial, economic and social price of higher long-term unemployment will cost us more for years.

Mr Edward Timpson (Crewe and Nantwich) (Con): Will the right hon. Lady give way?

Yvette Cooper: I want to make some progress before I do.

The Secretary of State also said that he wants to make work pay. Yesterday he told Sky that there are marginal tax rates of 90p in the pound for some young people, that that was regressive and that he wanted, first, to change the system so that they are able to keep more of their own money. But, page 69 of the Red Book shows that as a result of the Budget an extra 20,000 people will lose more than 90p in the pound.

We agree that housing benefit needs reform, and we brought forward some measures in the March Budget and introduced a consultation paper last December to set out our proposals. We agree also that we have to stop some of the most excessive rents being paid, and that we should exclude some of the highest rents in every area. However, we should also consider how we provide more security and payments for people moving into work, so that work incentives are improved. There is a strong case for linking housing benefit to tax credits in the longer term, but the Government's proposals do not set out any reforms; they set out only cuts, and destructive ones at that. Their plans cut almost £1.7 billion a year from housing benefit, and there is no analysis of how many people that measure will push into poverty or homelessness.

Mr Slaughter: There are clearly no poor people left in Southwark—certainly none on housing benefit, or the hon. Member for Bermondsey and Old Southwark (Simon Hughes) would not have the temerity to support the Budget. However, there are poor people in Hammersmith, Islington, Westminster and Kensington, so does my right hon. Friend agree not only that it is wrong to force thousands of families out of London, but that such measures will do nothing to get people into jobs, nothing for family break-up figures and nothing for community cohesion in London?

Yvette Cooper: My hon. Friend is right that those proposals will have an impact on families and on entire communities. Almost £1 billion will be taken from tenants in the private rented sector—almost 20% of their support. If tenants have on average 20% of their payments cut, how many of them does the right hon. Gentleman think will really be able to carry on paying their rent? People in Wakefield will lose £20 a week; people in Barking will lose £40 a week; and people in Broxtowe will lose £30 a week. That is before they face the cuts in tax credits and the hit from extra VAT.

Glenda Jackson: The Secretary of State cited a four-bedroom house in the private sector. My constituency is served by two local authorities, and in Brent the medium price for a four-bedroom house is £450 a week. In Camden the medium price is £1,020 a week. Currently, 42% of people claiming housing benefit in Brent and 18% of people doing so in Camden are in the private rented sector. That represents a sizeable number of families who will clearly lose their homes under the current Government.

Yvette Cooper: My hon. Friend is right to raise concerns, particularly as many people who receive housing benefit are in work. They work hard, are in low-paid jobs and cannot afford to pay their rent without the extra help that housing benefit brings. So, the Government's measures will hit people who work hard to support their families and make ends meet. They will find the rug withdrawn from under them.

I am particularly concerned about the combined proposals for lone-parent families, and I ask the Secretary of State to look at them, because he says that lone parents with five and six-year-olds will move on to jobseeker's allowance and have to look for work. However, his own documents, which were provided at the same time as the Budget, assume that only 10% of those lone parents will leave benefits because of the risk they might be less work ready or need more time to find a suitable job that fits with their caring responsibilities.

Many lone parents need additional support to find work that fits school hours, but as a consequence of these proposals about 90% of them will still be on jobseeker's allowance one year later, at which point they will suddenly be hit by the right hon. Gentleman's 10% cut in housing benefit. Lone parents with young children might work really hard to find a job that fits school hours, but suddenly an average of £500 a year will be taken from their incomes because they cannot find work and because, as a result, he wants to cut their housing benefit. That is deeply unfair on families who might work really hard to try to make ends meet. What does he expect people to do? Hundreds of thousands of people will struggle to pay their rent, and parents will have to move house, shift their kids out of school, move long distances and break up communities in order to try to find an affordable home.

Emily Thornberry: Given that the Secretary of State seems to think that we are exaggerating the position, does my right hon. Friend agree that it might be a good idea if he spent a morning with me visiting some of the Islington families who will be profoundly affected by those changes to housing benefit?

Yvette Cooper: That is a very generous invitation, which I shall pass on to the right hon. Gentleman.

Where are the figures for the analysis of the impact of those proposals on homelessness? Where are the figures for their impact on families who will not be able to pay their rent? Does the right hon. Gentleman have any idea how expensive it is to keep a family in temporary accommodation? That is the problem. That proposal is just like the proposal on unemployment. If the Government do not provide the support up front, it will cost them more later on in terms of dealing with homelessness.

As for supporting families, not even in the worst of the Thatcher years did the Government ever introduce a Budget that hit children so hard. Of the £8 billion that this Budget raises from direct tax and benefit changes, however, £3 billion directly hits children: cutting the child trust fund and the value of child benefit, and overall cuts in child tax credit. That is even before we add the cuts that families face in housing benefit, free school meals, free swimming, the future jobs fund and university places. This is a savage Budget for children. The Government claim that it will be all right because there is not a measured increase in child poverty as a result of this Budget. Of course there is not, because the Treasury model will not measure the impact of changes to VAT or housing benefit, and it will not look ahead any further than 2012-13, before many of the cuts bite.

Look at the people the Secretary of State is hitting hardest—the very youngest children of all. Gone is the baby tax credit, so some mums will now find they cannot afford to stay at home for as long as they want with their little babies. Gone is our plan for a toddler tax credit, gone is the pregnancy grant, and cut is the Sure Start maternity allowance. Has he no idea at all that supporting a family and getting the children out of poverty when the babies are born can save money from the public purse for years to come? Instead, he wants to cut support from the babes in their mothers' arms. At least Margaret Thatcher had the grace to wait until the children were weaned before snatching their support.

Mrs Anne McGuire (Stirling) (Lab): Does my right hon. Friend recognise that the Child Poverty Action Group has said that this is a disappointing Budget in terms of child poverty and that it will make it very difficult to meet the targets for the eradication of child poverty already set by the previous Labour Government?

Yvette Cooper: My right hon. Friend is right. When one takes account of what the Government are doing to housing benefit and VAT, the real consequence of this Budget is that it will push people, including children, into poverty. We remember how the Conservatives did this before in the '80s: they cut jobs and cut the help for people to get into jobs, they cut the support for people who could not find jobs, they cut help for pensioners, and they cut support for families and ramped up the VAT bills for them to pay. We also remember how those cuts cost us more for generations to come. It cost more to deal with people on the dole, it cost more to help families who were made homeless, and it cost more to deal with the long-term effects on communities devastated by unemployment.

These unfair cuts are not driven by good budgeting. They will cost our economy and they will cost our public finances, too. This is an ideologically driven Budget by a party that simply wants to cut the size of

the state, no matter who gets in the way. The truth is that the Conservatives have the youngest, the oldest, the poorest, the weakest and the most vulnerable in their sights. The nasty party is back—only this time they brought along their mates. Shame on them. Both parties have broken their promises; now they want to break Britain too, and we will fight them all the way.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Considerable numbers of Members wish to take part in this debate, as I am sure you can all see. Therefore, the Speaker has imposed a limit of seven minutes during the debate.

6.32 pm

Mr Edward Leigh (Gainsborough) (Con): I welcome this Budget because I believe that it is an honest Budget. I have now sat through nearly 30 Budgets, and it is often a profoundly depressing experience, because there is great excitement during the Budget statement only for us to receive a let-down the next day when we actually start to read the Red Book. There is a lot of difficulty and pain in this Budget, but what you see is what you get. What we heard on Budget day was the essence of this Budget, which is the need to try to resolve the desperate financial crisis in which we find ourselves, with a potential debt of £20,000 on every man, woman and child, and £1 out of every £4 spent being borrowed.

I accept that there are many things in the Budget that many of us do not like. Does anybody in this Chamber like a VAT rate of 20%? We are in the desperate position of having to impose that rate on everything that we buy, apart from essentials—I am not sure why newspapers are zero-rated, considering all the rubbish that they put out, but it applies to some useful things like food—because we are faced with this financial crisis. However, contrary to what the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) said, the pain is shared. I agree that a VAT rise is regressive, and we did not want to do it, but we have increased personal allowances, and in doing so ensured that is not the rich who benefit.

I pay tribute to my right hon. Friend the Secretary of State. Who has done more than him to try to raise people out of the poverty and unemployment trap? Who has done more than he in setting up the Centre for Social Justice? Who has done more than he to visit all these areas and try to create a benefit and tax system that encourages people into self-reliance, self-help and self-belief, and does not trap them in sink estates without a job and without hope for the future? He has been working on this problem for more than a decade. Now, at last, he has a chance to put some of his ideas into action, and we welcome him to the Front Bench.

Mr Anderson: I understand the long and proud record that the Secretary of State has in this House. Does the hon. Gentleman understand, however, that some Labour Members have not just been there for 10 years, but have lived this? We lived this same experiment in the 1980s and we saw the devastating impact on the people we represent—the people who had to pay for the failure of the Government at that time, when unemployment was not a price worth paying in the areas where I and many other Labour Members come from.

Mr Leigh: Nobody doubts the hon. Gentleman's commitment to relieving poverty, but does he think that the system that we have at the moment is perfect? Of course it is not. We are trying to create a fairer system in which there are real opportunities to create a society where people are given incentives to climb out of unemployment, despair and poverty. That is what this Budget is trying to do.

It is right to speak for the poor, but it is also right to speak for the many people who earn and who are creating jobs. Rightly, this will affect everybody earning more than £50,000—by the way, everybody in this Chamber will be £1,500 a year worse off—so it is not simply the case that only the poor are paying for this. Everybody, all the way up the income tax scale, is having to pay for our difficulties and helping us to climb out of this mess. Everybody in this nation is having to pay, and that is absolutely right. I also like the fact that this Budget is starting to create the conditions in which we can have a fairer tax system in which there is less churning of money and less of a deep unemployment and poverty trap. By all means let us raise personal allowances, and let us then try to move towards a flatter and fairer rate of taxation.

I will finish shortly, as each of us has very little time. First, let me make a point about much of the work that I was trying to do in the last Parliament to try to get efficiency in Government. We still have not got there. Does anybody think that we would have got into this mess if we had had a better Budget system? We need a triple lock. The Budget process that we have in this House is still not transparent enough. In the last Parliament, I tried to persuade the Liaison Committee that we should have a powerful Budget committee—a committee of this House—to which a Government Department should go when proposing to increase legislation. We should look at that and debate it in an open forum, not just have one minute per amendment, which is what we get with the Finance Bill. Does anybody think that our Budget process is, for example, as good or as powerful as the congressional one, whereby the President proposes and Congress disposes, and there are hundreds of hours of meetings?

We already have a good audit process—one of the best in the world—in the shape of the Public Accounts Committee, but we do not have the equivalent of the PAC inside Government. Frankly, the Treasury has not been strong enough in resisting waste, inefficiency and incompetence in Government spending. The Treasury has been overwhelmed, and the process is largely paper-based. We need a kind of star chamber—a PAC—so that when my right hon. Friend the Secretary of State or any other Minister come up with a proposal, they have to go before it, in private, to justify that proposal and to be hounded by senior Members saying, "Is this spending efficient? Is it properly piloted? Above all, are we reducing complexity in Government?"

Some of us think that complexity is so inherent in Government, with the civil service having this relentless itch always to try to control and regulate, that there is no way out of this, but I do not believe that. I believe that we can create a social security system which, although simpler, is fairer and provides more incentives. I believe that we can strip away whole areas of complexity. It will be a mighty task, but I believe, given all my right hon. Friend's experience and all the work he has done, that nobody is better placed to carry out that work over the next five years.

6.39 pm

Malcolm Wicks (Croydon North) (Lab): I want to make a specific contribution about the assumptions that underlie Government policy on raising the pension age. Those assumptions relate to our increasing life expectancy, and therefore the number of years that we will spend receiving the state pension and the affordability of that. There is also a related assumption about our ability to work longer in the future.

Life expectancy is undoubtedly increasing in general, but I wish to give a social-class perspective on the matter. I sometimes think that we get so carried away with an analysis that we are all going to live into our 80s and 90s that we fail to examine how life expectancy varies between socio-economic groups. First, it is a clear fact that fewer individuals from lower social classes survive even to reach state pension age. It is estimated that almost one fifth—some 19%—of men from lower social classes who are currently 25 are likely to die before they are 65 years old, so they will never get a state pension. That contrasts with 7% of men from the highest social class. For women, the comparable figures for those dying before the age of 60 are 10% and 4%.

Secondly, the great majority of poorer people who do reach retirement age enjoy shorter pension lives, if I may call them that, than the better-off. At 65, professional men have a life expectancy of 18 years as a pensioner, while unskilled men have one of only 14 years. For women, taking the starting point as age 65, the respective contrasting figures are 22 years and 17 years. There are significant social-class differences, and the Government need to think through their implications.

What about the employment assumptions? Raising pension ages assumes that in future years, men and women will be able to work for an extra period. How reasonable is that assumption? Let us look at current employment trends. Some people, of course, continue to work past state pension age—I believe the figure is about 13%—but a far higher proportion are effectively out of the labour market before the formal state retirement age. We rather pretend that the state retirement age is 60 and 65, but the statistics show the myth behind that. The labour force survey data show that for the period of February to April this year, 24% of men aged 50 to 64 and 26% of women aged 50 to 59, in the period leading up to retirement, were classed as economically inactive. In other words, they were not in work.

When we look more specifically at those coming up to the state pension age, we see that very large numbers of them have effectively been retired long before the age of 65 for men and 60 for women. Some 43% of men aged 62, for example, are not working; by age 64, it is 53%. To take another example, 35% of women aged 58 are not working.

I am not making a particularly partisan point, but what conclusions do we need to draw? In general, it is not unreasonable to increase the age at which people become eligible for the state pension. I say that as a general proposition, but we need to be sensitive to social class. To be blunt, as many of us know from the people we meet in our constituencies, many people working in heavy industry or who have had tough lives in physically demanding jobs, such as in the mines, in steelworks, as cleaners or as care workers, cannot go on working for ever. There comes a point when they need a rest and need to retire.

Significant changes will be needed to employment practice and attitudes to work if more jobs are to be available for those in their late 50s and 60s. The statistics that I have cited show that it is currently difficult for many people of that age to get work. I suggest that we need to build on policies that are already in place to promote flexibility in state pensions. At the moment there are choices to be made at state pension age. People can take their pension at that point, as most need to and do. However, they can defer it and receive a higher pension later, or they can take the deferred element of their pension as a lump sum. We need to ask whether we can do more to promote that type of choice for those able to work, so that we bring more flexibility. The number of people deferring is relatively low. I am bound to say, as a former Pensions Minister who had some responsibility for legislating in that area, that I am disappointed at how low it is. We need to consider whether we could do more to encourage choice. Could we consider, for example, making the lump sum tax-free?

Finally, what about the people whose case I have cited, those who are already out of work in their late 50s and early 60s? We know those people from our advice surgeries and constituency offices. They are in a difficult situation. Are we really saying that someone of 60 who is not in work will have to wait another year to get their state pension? Are they simply destined to be classed as unemployed or disabled, and somehow trapped in a no-man's land between grand assumptions about future retirement patterns and the grim reality of their lives? We need to think the matter through. I do not have the answers, but we have time to consider some of the issues.

6.46 pm

Andrew George (St Ives) (LD): I wish to approve the headline description of the emergency Budget and what it is intended to achieve, which, as my hon. Friend the Member for Bradford East (Mr Ward) has said during the Budget debate, is that the richest pay the most and the vulnerable are protected. We must test that claim as we proceed. The coalition Government face many challenges in achieving that, in circumstances in which the public finances are in a very serious state, which I do not need to describe again this evening.

I wish to give the Budget a fair wind at this stage, and of course as a Liberal Democrat I gather a degree of satisfaction from a number of measures that I and my colleagues have campaigned for, namely the increase in the tax allowance with a target of an allowance of up to £10,000, taking many thousands of people on low income out of tax altogether; the restoration of a meaningful annual increase in the basic state pension, for which pensioners have been crying out for decades; increases in the child care element of the child tax credit for the poorest; the closing of the gaping tax avoidance loophole created by the previous Government through changes to capital gains tax; the introduction of a banking levy; and the protection of lower-paid public servants. There are a number of measures that I applaud and welcome very much.

This is a coalition Government and a new arrangement altogether, with two distinct parties. Seeking consensus between those parties inevitably creates significant debate.

Mr Kevan Jones (North Durham) (Lab): The hon. Gentleman is showing by his demeanour that he is not very enthusiastic for his coalition. He says that he has

campaigned for many things in the Budget. Can he tell the House when he and the Liberal Democrats campaigned for an increase in VAT?

Andrew George: As far as I recall, none of the three main parties ruled out the prospect of VAT increasing. It is only when one is in government that one can see the nature and state of the finances, and therefore fully understand the impact that it is likely to have.

Having said that, as all Members will know, there is an amendment about VAT on the Order Paper in my name and those of some of my hon. Friends. It asks, I think reasonably, that an impact assessment be undertaken, taking into account a number of factors including the impact that the VAT increase would have on businesses, charities and families and households across the income range and age groups. It is vital that, in order to advance a number of the challenging measures in the Budget, the Government should reasonably be expected to bring forward more information than they are able to at this emergency stage of the Budget, so that we can debate the impact of those changes.

Roger Williams (Brecon and Radnorshire) (LD): I thank my hon. Friend for giving way and I agree with the sentiments he is expressing. Does he agree that charities that are unable to reclaim VAT could be about £250 million worse off as an unintended consequence of the VAT measure?

Andrew George: I am very grateful to my hon. Friend for that comment. There is not just a new coalition Government, but a new Parliament, and in it we should be able to debate issues both across the Chamber and within the parties of the coalition Government. That is not unreasonable. The Chamber should enable greater transparency and discourse across and between parties. The purpose of our amendment is to probe issues that need and deserve to be probed.

Lyn Brown (West Ham) (Lab): Will the hon. Gentleman give way?

Andrew George: I shall not give way any more, I am afraid, because of the limit on time.

The motion refers to the Red Book, which, at page 67, in relation to chart A3, describes the VAT change as potentially "progressive". I think that the notion is based on the expectation that those who spend the least will be less affected. Of course, those who spend the least are inevitably those on lower incomes, who will, as the Red Book explains, pay less VAT in absolute terms. But not everyone agrees with that: the hon. Member for Gainsborough (Mr Leigh) has described VAT as regressive, as have Labour Front Benchers.

The Institute for Fiscal Studies is rather equivocal on this issue. It says that when contrasted with income, VAT does look more regressive as it hits those with high expenditures the hardest. It also says that those with the lowest incomes tend to have the highest expenditures relative to their incomes, so there is an issue that needs to be investigated a great deal more. I believe that the Government should reasonably bring forward an impact assessment of the type that I have described and that we should have an opportunity to debate it not just in the Finance Bill Committee but in the Chamber.

I represent the poorest region in the country, so I am bound to be particularly sensitive to the impact of the Budget on the poor. However, I am not just concerned about low-income families; I am concerned about the impact of the VAT increase on rural travellers, who have a car out of necessity, not luxury, and on charities, as my hon. Friend described a moment ago. I am also concerned about the contrast between the effect on businesses that are engaged in the renovation of older buildings, for which VAT is applicable, and on those that build new buildings, for which VAT is not applicable.

The key themes underlying the emergency Budget turn on the challenges that any Government would have, such as ensuring that those who dropped us into the mess that we are in—due partly to the management of public finances by the Labour party and partly to those in the City who contributed a great deal—should be doing the most to help us out of it. As is made clear in the Budget, there is also an issue regarding wealthy people who have managed to pay less marginal tax than their cleaners. Those people should start paying their way. I hope that the Chief Secretary will consider very carefully our amendment and the reason behind it when he winds up. In this area of policy and policy making, we should have an impact assessment and an opportunity to debate this issue.

6.55 pm

Mr Geoffrey Robinson (Coventry North West) (Lab): It does seem strange that the House cannot debate the amendment in the names of the hon. Member for St Ives (Andrew George), the hon. Member for Chelmsford—

Bob Russell (Colchester) (LD): Colchester, for God's sake. *[Laughter.]*

Mr Robinson: The hon. Member for Colchester (Bob Russell)—I am so sorry—and other very distinguished honourable dissidents opposite, who are clearly being silenced for some reason or other; I cannot comment on why. I thought the amendment very apropos and exactly to the point in all respects. I am sure that it has not been withdrawn, so quite why it has not been chosen for debate I cannot think. It is a pity, because we could have probed even further the support of the hon. Member for Bermondsey and Old Southwark (Simon Hughes) for it and for the package as a whole, which he was trying to defend last Wednesday with as much discomfort as is evident amongst the Liberals who have not yet entirely been bought by, or who have not bought into, the so-called coalition policies.

It is very sad. There has been nothing sadder, in my opinion, than the right hon. Member for Twickenham (Vince Cable), who is now the Business Secretary, coming around to explain why he supports the Budget. One of the two reasons that he gave was essentially that he had been, belatedly—I think his leader got there first—to see the Governor of the Bank of the England, who had assured him that a crisis was imminent, that we were going to be downgraded and that we would be in the same position as Greece, all of which would happen in a matter of days or hours, if he and the Liberal party did not agree to every measure that the coalition subsequently put forward. All of that should have been entirely predictable at any point before or during the election, even as the bond market strengthened and the UK

[Mr Robinson]

position strengthened during the election, and even as we learned afterwards that the funding requirement is going to be £20 billion to £30 billion less than expected. Apparently, the leadership of the Liberal party fell for the oldest trick in the book, the bankers' scare, which has gone on for centuries—classically, of course, with Montagu Norman and all the rest in the 1930s taking that party and this country to the brink of collapse.

Mr Jim Cunningham (Coventry South) (Lab): Has my hon. Friend noticed that the same Governor of the Bank of England who backed the stimulus under the previous Government is now backing the present Government's policies—to the detriment of the public?

Mr Robinson: I note also that when the Governor was still an economist, before he converted to being a banker, he signed the famous letter of 364 economists, which he has now, in a piece of classic recantation, given up on.

All those considerations point to the fact that events could have been predicted and should have been accommodated. We should not have reached the situation in which we had the Business Secretary proudly telling the House—I still cannot believe this every time I read it:

"Those factors drove the economy in terms of demand"—

the factors being monetary policy and devaluation of the pound—

"and they will continue to do so."

So, we are to have monetary easing and a continued devaluation of the pound. I do not think that either is remotely likely. He went on:

"There is a reason for believing that that is what will happen: the Governor of the Bank of England called for this Budget and has now got it, and he has every reason to understand the need for monetary policy to support recovery."—[*Official Report*, 23 June 2010; Vol. 512, c. 316.]

Well, over to you, Mervyn, and good luck!

It really is absurd. It is one thing to hand over control of the money supply and monetary policy to the Governor. We did that back in 1997, and I think that was a good move. My right hon. Friend the Member for Croydon North (Malcolm Wicks) nods, and I know that he was in agreement with that move. However, it is quite another thing to say, "Look, we are giving up on fiscal policy too; you can have the whole of the economy." When we did what we did, we joked amongst ourselves that we had got rid of one half of economic policy—notably the monetary side—to the Governor and that it would only be a matter of time before he laid claim to and was given the whole of it. Joke though that was, it has come to pass under this Government. That is sad and regrettable. The Work and Pensions Secretary is sincere in what he wants to do, but he has had to absorb many cuts, which will make his job much more difficult, as was brilliantly exposed by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), who spoke for the Opposition.

However, it is not just that. The only two sure things about the Budget is that it will increase unemployment and reduce growth. That we can predict, because the Office for Budget Responsibility has told us. Beyond that, the Government refuse to give any distributional analysis. Beyond the second year, we do not know what will happen, except that the OBR has pencilled in some figures for growth that it says are hazardous in the extreme.

The Budget is an enormous gamble at the great cost of the working people in this country. It is a gamble based on the assumption that the Governor will increase quantitative easing when he said he would not. Perhaps in some magical way he will take other powers to deal with the fiscal constraints imposed by the Budget, because he can do nothing else. He cannot reduce interest rates much more, unless he wants to reduce them from 0.5% to 0%, or unless he starts shelling money out, which is hardly credible. He said he would not do any of those things, so the truth is that we face a situation in which the future of the country is being gambled.

Apart from the good intentions of, and the megalomania that seems to be developing in, the Bank, that gamble rests on three factors: an increase in inventories, meaning an increase in output; an increase in investment; and an increase in private sector activity. Who really believes in their heart that any of those factors can be counted on, especially given that the Government have made the investment route highly unlikely by reducing capital allowances? They are served at the moment by a Financial Secretary who told the Committee that considered the previous Finance Bill that they would reduce such allowances—on nearly all counts, and they have been as good as if not better than their word. He could see no reason why investment should not be reduced to the cost of amortisation in manufacturing or industrial enterprises. If that is the negative, neutral view of the need for increased investment and output that infuses the Budget, and in particular the crucial elements highlighted by the OBR—it says that there is a need for greater investment and output, and to rebalance exports—we are in for a big let down on that gamble.

Let us take one other example—Sheffield Forgemasters. Anybody who has dealt with the Government knows that it is virtually impossible to get money out of a shareholder executive. It is like getting money out of a stone, but the firm reached a conditional agreement. That would have made an enormous contribution to the rebalancing of the economy, including in respect of import substitution, and now those products will come in from Japan, because the arrangement was cancelled. I am afraid that in their tone and their measures, the Government are making recovery immensely more difficult and, far from recovery, we face a further period of prolonged deflation.

Several hon. Members *rose*—

Mr Deputy Speaker: Order. We are expecting a few maiden speeches this evening, and I am sure the House will want to ensure that it complies with the associated conventions.

7.3 pm

Mr Sam Gyimah (East Surrey) (Con): Thank you very much, Mr Deputy Speaker, for the opportunity to make my maiden speech on this emergency Budget.

I strongly believe that over the past few years, the state has taken too much. It was interesting listening to the right hon. Member for Normanton, Pontefract and

Castleford (Yvette Cooper). She declared that the nasty party is back, but I know from my personal life that to protect the vulnerable and to give people a genuine chance of making the most of their lives, we need to empower individuals, families and communities.

In talking to several of my constituents in East Surrey, the constituency I have the honour of representing in this House, it became vividly clear to me that budgetary discussions should focus not only on accountancy, numbers and economic jargon, but on people and their lives and futures: including the hard-working young family juggling child care and work, who are concerned about their jobs and the rising cost of living; the 22-year-old graduate with more than £20,000 of debt, wondering whether she will ever get a job or a foot on the housing ladder; and the couple about to retire who are worried about their pension after years of paying their taxes and saving for retirement, and who are left wondering whether they will achieve their aim—this must be the aim for every generation—of leaving a better future for their children and grandchildren.

For my constituents, this is what the Budget boils down to: real people, real lives and real issues. Yes, we have beautiful rolling countryside in East Surrey, most of which has been recognised as green belt, meandering between vibrant towns and beautiful villages. It is the epitome of what makes England unique. We know how fortunate we are, and we take seriously our duty as custodians and protectors of the local environment for future generations. We have great community spirit and pride in our area, which means that for the vast majority of people in my constituency, putting back into the community is a way of life.

It sounds idyllic. However, my constituents work very hard, and I know from my postbag that some of them face difficulties just as real as those faced by people in other parts of the country. A lot of them think—and I tend to agree—that the previous Government treated them as a cash cow, and squeezed and squeezed and squeezed. That is true of all those paying taxes, and of the various local councils who do sterling work on a shoestring budget from central Government.

On a national level, East Surrey has been served with distinction by two great public servants: Peter Ainsworth, for 18 years; and Geoffrey Howe, who now sits in another place, for 24 years. They championed the constituency in this place and always stood up for what they believed in. I know I have big shoes to fill, and at 5 foot 4½ inches, I need to stand on the shoulders of giants.

Peter's radical stance on the environment was instrumental in shifting attitudes to green issues, and he introduced as a private Member's Bill the Green Energy (Definition and Promotion) Act 2009. I also respect him for sticking to his guns on the Iraq war when it seemed unpopular to do so. From my dealings with him, I can say without equivocation that he is a good man.

I can say the same of Geoffrey Howe, whose mild manner disguised a steely sense of purpose. He was Mrs Thatcher's longest-serving Cabinet Minister—11 years is a long time in politics. In his now famous 1981 Budget, when our party faced the task of getting the country back on its feet, he followed the courage of his convictions by deflating the economy at a time of recession, in the face of resistance from all sides, including 364 leading economists who wrote a letter to *The Times* saying that the Budget had no basis in economic theory.

However, I believe we learned a greater lesson from that Budget—that we cannot pull certain economic levers in certain circumstances. The lessons from that Budget lie firmly with its weaknesses rather than its strengths. We have learned that we cannot be coldly dispassionate when setting economic policy, and that we cannot ignore the effect on jobs and people's lives. That is why I support our programme to get people back to work. Getting people into work is the best route out of poverty.

As in 1981, our party once again faces the task of redefining our economy and reshaping our society. That is why I welcome the Chancellor's proposals for small businesses, which are the backbone of our economy. A long-lasting recovery must have its foundations in the private sector, which is where jobs will come from. Jobs will come if we reward enterprise, endeavour and ambition, and if we have a step change in our approach to enterprise. We need to encourage a spirit of adventure. Without accepting that basic premise, we will not have people taking the risks that are essential to creating the next Vodafone, the next Dyson and the next lastminute.com.

Many Opposition Members say that having the state do less by focusing on getting people into work and building an economy based on rewarding endeavour will penalise the less well-off. They are wrong, and I should know. I grew up in very modest circumstances. My standing here in the Chamber is the result of the vision, care and support of a strong mother, who brought us up on her own and overcame numerous odds, and instilled in us character, discipline and the value of hard work. I do not believe that any state programme could achieve what she has. On the contrary, I would have been trapped in poverty, as millions are.

At university I struggled to pay my rent. But for the generosity of my college, Somerville, I would have been thrown out. That could have been the end of my university education, and perhaps I would not have made it here, so I understand that we cannot leave people to the mercy of markets. For me, the crux of the Budget is that we should empower individuals, families and communities to make the most of their lives.

Some have said that on the face of it, I am an unlikely candidate to represent East Surrey. I have pointed out to them that it is a privilege and a pleasure for me to represent this great constituency because every day I see there the values that shaped me and that I hold dear. Those values should be at the heart of our economic policy and should guide us as we seek to reshape our society for the better.

7.10 pm

Mark Durkan (Foyle) (SDLP): It is a privilege to follow the hon. Member for East Surrey (Mr Gyimah). He not only reflected on the beauty of his constituency but let us know that, just because people live in idyllic settings, that does not mean that their family or work circumstances are ideal. He has also given us a trailer for the many lively contributions he will make in this House, seasoned with strong personal reflections, which many Members will have taken on board.

Claims have been made that, with the coalition Government, we have a new politics. That new politics, we are told, is about honesty and rebuilding trust. However, we have at the heart of the Budget the departure

[Mark Durkan]

of honesty, with parties justifying doing what they said they would not do. Parties campaigned to get votes on the basis that the last thing we wanted was a VAT increase, but it is the first thing imposed by this Budget. It is a Tory Budget with Liberal Democrat accessories. I concede that some of those Liberal Democrat accessories are attractive—and that is part of the political calculation behind the Budget—such as the triple guarantee on pensions, which is there so that the coalition can say to Labour opponents, "We have done something that you didn't do, we have restored the earnings link and better." I regret that Labour Ministers did not listen to all their Back Benchers during their 13 years in government and do something about the pensions earning link.

We need honesty all round. I welcome the intensity that is coming from some of my hon. Friends on the Labour Benches, but I hope it comes with a measure of honesty, point by point.

Simon Hughes: The hon. Gentleman's views are much respected, but may I say that I was always clear on this point? We did not want a VAT increase, although we had it under the last Government when it went up and then came down again. We were hoping that it would not happen, but certainly I said—as did all my colleagues, as far as I know—that it could never be ruled out. For many of us, the current position is that it may be one of the least worst options.

Mark Durkan: I am not sure if that was the least worst defence of a significant U-turn on a significant campaign issue. People did not just imagine that the Liberal Democrats campaigned aggressively on the issue of VAT increases, so to mount new politics on the basis of honesty and trust against that background is dangerous indeed.

I acknowledge that the Budget has Liberal Democrat accessories that are attractive, as are other aspects, such as the increase in personal allowances. But Liberal Democrats perhaps need to consider that this may be as good as it gets in the coalition. I recall a famous observation in Irish politics by a member of the Irish Labour party. Some time next year, the self-image of Liberal Democrats will change. They will realise that they are no longer in the vanguard of social justice and civil liberty, but instead have become the mudguard of a hard cutting Conservative Government. That will be their role in this Government.

It is not the case that the whole Budget is wrong, and from a study of the Budget notes it is significant how many of the measures build on aspects of the Finance Act 2009 and other Acts passed in the last Parliament. There are tweaks here and there, of the good, bad and neutral variety, but we should not pretend that there is no continuity. When the Chancellor made his statement, he said we would not have to look anywhere else for the Budget, because we would get it from him. He said that there would be no details hidden in the Red Book. However, when we compare his speech with the Red Book, we see that it is littered with phrases such as "We will produce proposals on this", or "Other proposals will be published after we have the spending review in the autumn." The details are all to come elsewhere, so we did not actually get them straight from the Chancellor.

This Government gave us some show-cuts on 22 June. Those cuts were for purely presentational purposes to show that this is a new Government, and to try to mark difference. The Chancellor even told us last week that that was one of the messages he wanted to go out from the Budget, so that people would know there was a difference. That is why the shadow Secretary of State was right to say that the Budget had an underlying ideological push. The scale of the cuts that will come in the autumn is there to drive a political narrative that pain has to be imposed, change will happen and those who do not like it should blame Labour, rather than the Government who are imposing that change. That is the narrative that the Government want, and that is why significant cuts will come in the autumn.

Where will we be then? The poor, who are being asked to pay more in VAT, will then see the services on which they rely squeezed. That is when the full toll of this Budget will be felt, contrary to what the Chancellor told us about getting it straight from him on the day in his statement. We know that this will be pain and penury by instalments, over time, so that they can maintain the narrative of blaming it all on Labour.

I agree with the hon. Member for Gainsborough (Mr Leigh) about the need for a Budget committee in this House. When we consider the scale of the banking issues that this House has to deal with, they should not all be left to the Treasury Committee. The scale of the public expenditure issues we will have to cope with means that we need a discrete Budget committee that has a full and proper handle on them, as well as one for the banking issues. If we are serious about giving priority to cutting waste in government, we should also have a committee that tests Government expenditure in real time. The Public Accounts Committee looks at spending post hoc, and there is nobody who challenges spending plans in real time. We do not have a committee that permanently interrogates waste in government, proofing for good priority and busting waste, but that is what we need. There is no point setting up ever more independent offices of this and independent offices of that, when we do not give this House the tools it needs to provide joined-up scrutiny. We hear a lot about joined-up government, but we do not have joined-up scrutiny. We should take added measures, on top of those put through in the last Parliament.

I urge the Government to lead us in changing the Budget by reclassifying the Budget lines, so that we have one for front-line services, say, and one for spending that does not go fully to front-line services but broadly supports them. We should have three or four, but no more than five, classes of Budget line so that we know immediately if a measure affects front-line services or just administrative spend. We could then be more honest when we say that we are defending front-line services, because we would have a Budget information system that allowed us to do just that.

7.19 pm

Mr Stewart Jackson (Peterborough) (Con): It is a pleasure, as always, to follow the hon. Member for Foyle (Mark Durkan). I pay tribute to my hon. Friend the Member for East Surrey (Mr Gyimah) for his fluent and assured maiden speech. There is a great future for him in this House.

The Budget that was presented to the House by the Chancellor of the Exchequer last week was brave and bold, and it was the right thing to do. History will record that it will set our country back on the road to economic recovery and prosperity. Just as it fell to Margaret Thatcher 30 years ago to deal with the poisonous legacy of Labour profligacy and financial ruin, the Prime Minister faces a similar challenge today. Labour Members, in their faux outrage at the Budget, barely comprehend the fiscal catastrophe that they inflicted on our country, displaying a mixture of cocky bravado and denial.

Maria Eagle (Garston and Halewood) (Lab): Will the hon. Gentleman give way?

Mr Jackson: I will not at the moment.

A modicum of humility or contrition from Labour would surely be appropriate and in order. Given Labour's utterly negative message at the general election, with no vision of what a fourth Labour Government would mean, it is no wonder that few commentators and fewer voters take its protestations seriously. It simply has no coherent alternative, other than to tax and spend, and to bribe the core vote with other people's money. Labour's plan to cut the deficit was completely empty of detail and its deficit reduction bill merely partisan window-dressing.

The Labour party would have had more credibility at the general election and in this debate if it had been honest with the voters about the 20% cuts in non-ring-fenced departmental budgets that the previous Chancellor had already planned. We know that Labour prepared position papers in the Treasury for a 20% VAT rise, which, most importantly, the party failed to rule out in its election manifesto. Labour bet the ranch over the past 13 years on financial services that were not properly regulated, on unsustainable increases in public spending and on a housing market built on a South Sea-style bubble. Labour lost, and we all lost: a £155 billion deficit—bigger in percentage terms than in Italy, Greece or Portugal—a structural deficit that is £12 billion more than we were led to believe, and a debt mountain of £1.4 trillion from the Government who gave us £3 billion overspends on welfare payments and wasted £780 million on the reorganisation of Departments and agencies.

It is scarcely possible to believe that during a dozen years of plenty so many of our fellow citizens were failed, and none more so than the so-called working poor—those who get up in the morning and go to work, pay their taxes, teach their children right from wrong, and have a sense of pride and self-respect. People are rational, and they will do rational things. If we pay for people not to go to work, they will take the path of least resistance and not work. That is Labour's legacy: the people who need our help, trapped in a half-life of bureaucratic form-filling, and a hopeless and aimless existence on benefits. I believe that the Labour Government were not malevolent, but merely incompetent to an Olympian degree. After 13 years, the number of children in severe poverty is rising. We also have a higher number of children living in workless households than practically any other country in the European Union, 4.8 million people of working age in workless households, and one in five 18-year-old boys who are NEET—not in education, employment or training.

Mr Leigh: The worst statistic of all is that last year, of the 85,000 children in receipt of free school meals, whom we should be helping more, only 45 got into Oxbridge, which is fewer than those who came from just one school—that attended by the Leader of the Opposition. That is the true demerit of what we have been creating in the past 13 years.

Mr Jackson: My hon. Friend is absolutely right to draw the House's attention to that statistic. Likewise, the number of children who go from care into higher education is also a shameful figure. I therefore strongly endorse the ambition of my right hon. Friend the Secretary of State for Work and Pensions to tackle the deep-rooted causes of poverty in this country, and to tackle the twin aims of lessening the scale of social breakdown and improving the quality of life of the poorest in our society. If our Government achieve nothing less, they will have served our country in achieving that.

In my constituency, where we have recently suffered job losses, and where we also have low skill levels, lower-than-average pay and high welfare dependency, the problems are real and they are about people, not statistics. Hundreds of children in Peterborough live in dysfunctional families, their parents on welfare benefits. Those children lack ambition, a focus and, often, a moral framework, going without anything other than peremptory familial love and experiencing, through no fault of their own, an inevitable poverty of imagination, as well as, too often, material poverty. Dedicated teachers, nursery staff, health professionals and members of the extended family, such as grandparents, are often forced to assume a role in loco parentis. I believe that we have a moral duty to those children to do something about the situation, even if not to their often indolent and feckless parents.

Mr Anderson *rose—*

Kate Green (Stretford and Urmston) (Lab) *rose—*

Mr Jackson: No, I will not give way; I do not have time.

More than 6,000 of my constituents languish on disability living allowance and, most shockingly, more than 1,000 of them languished on that particular benefit for more than 12 years under the previous Labour Government.

We simply cannot go on as we are. I welcome the measures in the Budget. I believe that they seek to protect the vulnerable while rebalancing our efforts to generate a private sector-led recovery that will benefit everyone in the medium term. In that spirit, I particularly welcome the 50,000 extra apprenticeships, an increase in the child element of the child tax credit, the re-linking of pensions and the allowance increase of £1,000 for low and middle-income earners. I restate our commitment to Sure Start, to refocusing on the neediest families and to helping ensure that the 6 million carers in our country receive appropriate respite care. I welcome too the cuts in corporation tax, the £200 million increase in the enterprise finance guarantee scheme, the green investment bank and the green new deal.

I hope that the new fiscal rules that the Chancellor has outlined will mean that by 2016, if we have extra money as a result of the cyclically adjusted current

[Mr Stewart Jackson]

balance being in surplus, we will be able to cut tax again for the lowest-paid working people in this country. It took courage in this Budget to tackle the entitlement culture and some of the shibboleths and sacred cows, but putting this country back on track will require further tough decisions, which are the right thing to do. We should also disregard the opportunism of Her Majesty's Opposition. There is nothing inevitable about a double-dip recession, and I believe that it will not happen. The Budget is borne of desperate necessity, but is there any evidence that seeking to encourage private sector growth and reducing the size of the state to 39% of GDP in four years is a bad thing and will not create jobs, wealth and new markets for our goods and services?

The Chancellor was candid and straightforward last week, in contrast to the Labour years of subterfuge, stealth taxes and fictitious growth projections. Tough but fair, a progressive and forward-looking Budget; a Conservative Budget for the nation and not for narrow, sectional, vested interests and the core vote—it is for this reason that I commend the Budget to the House, and my constituents. I will be voting for it tonight.

7.27 pm

Glenda Jackson (Hampstead and Kilburn) (Lab): May I say what a pleasure it is to serve under your chairmanship, Mr Deputy Speaker? It is such a pleasure to see you sitting in that Chair.

There was a kind of creepy pleasure in listening to the hon. Member for Peterborough (Mr Jackson) because, in a curious way, it was like hearing a really bad horror film, and there is always a great deal of pleasure to be found in a really bad horror film. As for this recalling of Thatcherism in all its glory, dressed up for the 21st century, I love the idea that we can simply get people to work. There are all these people living in Peterborough who apparently have no desire to work and are perfectly happy to stay at home, neglecting their children, but the hon. Gentleman has been their MP for all this time—how long?—so why has he not done something about it? The issue is that in Peterborough, as in the rest of the country, under this—in my view Thatcherite mark 2 Budget, there will be no jobs. As was said by my hon. Friend the Member for Coventry North West (Mr Robinson)—I regret that he is no longer in his place—the only guarantee in the Budget is a massive rise in unemployment.

Damian Collins (Folkestone and Hythe) (Con): In my constituency, the number of people in receipt of disability living allowance doubled under the previous Government; and not only did it double, it went up every year. Would the hon. Lady not see that as an example of the failure of the policies of the previous Government?

Glenda Jackson: Perhaps that is one of those areas—this was briefly touched on in an earlier contribution—that, like our health service, has increased so much because we are all living longer, so that people who might have died many years before are still living, but justifiably claiming disability living allowance because they are disabled. The hon. Gentleman should forgive me for giving him a tiny history lesson, but I would just point out to him that when his party was last in total government—as opposed to being propped up by the "30 pieces of silver" party—it massaged the unemployment figures by putting people on incapacity benefit, and that ran for years.

The hon. Member for Peterborough is also suffering from selective amnesia. Those of us who lived through the first Thatcherite era remember well the levels of unemployment, the destruction of communities, and the throwing on to the scrap heap of the greatest national resource that this country will ever have: its people. Their talent, their ability, their creativity and their capacity for hard work were all thrown away for the same reason that they are being thrown away now. "You can't buck the markets" was the litany then; it is exactly the same now, even though it has been dressed up and presented in a very different way.

We hear massive arguments from Conservative Members that the Labour party created this fiscal downturn, yet they are all intelligent enough to know that that is grossly untrue. It is easy, in the blame culture that we live in today, to make threats to bankers and to say that they are the most blameworthy people, yet they have not been punished in the Budget at all.

Mr Gyimah: What is progressive about leaving the country without any money, as the former Chief Secretary to the Treasury said had happened?

Glenda Jackson: You really have to get another club to beat us with. I would have thought that there were a couple, although they are not necessarily to do with the Budget.

The hon. Member for St Ives (Andrew George), who is no longer in his place, and the hon. Member for Gainsborough (Mr Leigh) both attempted, in their different ways, to make a salient point—namely, that this is a fair Budget because the richest pay the most. They must know that that is completely and utterly untrue. It is a grossly unfair Budget, because the poorest are the most dependent on public services, which we know will be slashed under the comprehensive spending review, when it eventually happens in October.

Maria Eagle: Did my hon. Friend see the analysis in *The Observer* at the weekend that suggested that the Chancellor's

"budget cuts will hit Britain's poorest families six times harder than the richest"?

Does she believe that that is in any way a definition of "progressive"?

Glenda Jackson: It is neither progressive nor fair. What is depressing about the path that the coalition Government have gone down is that they have learned absolutely nothing from the lessons of history. This is always the case: it is always the poorest who pay the most; their health suffers, they live in the worst possible housing, and their job opportunities are nil. I love the Secretary of State's wonderful idea that they can move out of their social housing to another part of the country and find a job. This is coming from a Government who have already destroyed the regional development agencies. Sheffield Forgemasters has also been mentioned. There is absolutely nothing in the Budget that will help to create employment. One of the worst aspects of

the Budget is that it will slash the confidence of those people who need it the most in order to get out there and compete in an ever-shrinking jobs market.

Mr Ward: Does the hon. Lady believe that it was a question of 30 pieces of silver when Clem Attlee, Herbert Morrison, Hugh Dalton and Ernest Bevin joined a coalition Government at a time of national disaster?

Glenda Jackson: This is a kind of psychobabble. When we get to the age of 18 and become adults, we really cannot blame everything on our parents, and, at his age, the hon. Gentleman really should not be blaming all those grandparents and great-grandparents for anything. The Liberal Democrats made their choices: they campaigned and they spent money on posters that warned of the VAT bombshell, but they have now signed up for it.

I want to go back to my point that it is always the poorest who pay the most. It will not be the richest who will feel the pain of the VAT increase; it will be the poorest. We have only to go round the supermarkets to see the kind of changes that are being brought into play. The special purchases of particular products that are cheaper than the branded product—or even, in some instances, than the supermarket's own product—will be the products that the poorest people will have to buy.

Mr Stewart Jackson: Will the hon. Lady give way?

Glenda Jackson: No. The idea that you have allowed children to languish in that state in Peterborough for all these years and done nothing about it—no, I am sorry, I cannot give you time. You voted against Sure Start. You voted against the new deal. You voted against every single policy that the Labour Government brought in over our 13 years to give every child a chance and to ensure that we as a nation invested in our greatest national treasure: our people.

Mr Brian Binley (Northampton South) (Con): Will the hon. Lady give way?

Glenda Jackson: Oh, go on then.

Mr Binley: I am most grateful to the hon. Lady. Does she not have any regrets at all about the massive rise in the number of young people who are not in education, employment or training? That can be laid at no one else's doorstep but the Labour Government's.

Glenda Jackson: May I just point out to the hon. Gentleman that, when his party was last in government, it was not children who were not in education, employment or training? In Birkenhead, the city in which I was born—admittedly, I have not lived there for a very long time—there were men who were entirely fit, healthy and capable of work, but the only way for them to earn a living was to pick over the rubbish dumps to see if they could find anything to sell.

Mr Binley: I am a working-class boy.

Glenda Jackson: You did not have to go through a rubbish dump to find things to sell. And I am a working-class girl.

There is a fantasy about a big black hole of debt that is resting on the shoulders of every man, woman and child in this country. I have lived all my life under the debt incurred by this country fighting and winning the second world war. We paid that debt off about five years ago, but I had not even been aware of its existence. During those decades, I and millions like me were given opportunities to move forward, to develop our talents and to create work that had not been dreamt of by the preceding generations. That could have happened again, but it will not happen under this Budget. This Budget is quite deliberately following the good old Conservative rule of divide and rule, and blame the poor—

Mr Stewart Jackson *indicated dissent.*

Glenda Jackson: Don't shake your head. In every soundbite you give, you are running with the idea that the people who are claiming benefit are scroungers, and that they have no job because they do not want to work. That is classic Conservative party doctrine. This Budget is a disgrace, because it attacks the most vulnerable in our society, and they are the people, regardless of their party political colour, whom everyone in the House should be committed to defending and protecting. You are simply destroying their opportunities.

Several hon. Members *rose—*

Mr Deputy Speaker: Order. This might be an appropriate time to remind Members that, when they use the word "you", they are addressing me, and I have been accused of many things for which I was not responsible. I call Helen Grant.

7.38 pm

Mrs Helen Grant (Maidstone and The Weald) (Con): Thank you very much for giving me the opportunity to speak in this debate, Mr Deputy Speaker. Paying tribute to my predecessor is a task that I find very easy. Ann Widdecombe was a high-profile and eminent MP who worked very hard for the people of Maidstone and The Weald. She is a woman of great integrity, honesty and sincerity, and a lady I am very proud to call my friend. Ann has been one of our most colourful and controversial politicians, and I know that her pragmatic contributions will be sadly missed in this place. Happily, her clarion voice will continue to be heard in the media and beyond, and, on behalf of the House, I wish her well in her future endeavours.

The constituency of Maidstone and The Weald is the perfect mix of rural and urban life. The rural aspect of the seat stretches some 20 miles to the south of Maidstone, encompassing vibrant communities such as Cranbrook and Marden, and picture postcard villages such as Benenden. In the north of the constituency, we have Maidstone, the county town of Kent, which is also the home of the 36 Engineer Regiment. I should like to pay tribute to the bravery of our engineers and to remember their losses in Afghanistan. May God bless them, their families and their loved ones.

I must declare an interest in our armed services, as my eldest son, Ben, is a Royal Marine training in Devon. As a forces Mum, I am gaining an understanding of the tremendous pride that families feel, but also of the emotional rollercoaster that they ride each day. I hope that what I learn from my son's service will translate into something useful for our many military families.

[Mrs Helen Grant]

I want to say something about social mobility. One of the greatest attributes of the British people is their belief in fairness, and it is that sense of fairness that supports the notion that whatever your starting point in life's marathon, it does not have to be your personal best for the rest of the race. If you try to move up the field, or even get into the leading pack, you should have the opportunity to do so. Aspiration, family and enterprise have been essential elements in my own personal journey. They are also fundamental in a society in which mobility can flourish and not flounder. I should like to say a few things about each of them.

I believe in opportunity and aspiration, and in the ability of individuals to achieve, progress and reach their full potential, whoever they are and wherever they are from, if they choose to do so. I came from a pretty humble start, but I was allowed to progress in life because I had the good fortune to engage with people who instilled in me the importance of working hard and aiming high, and values such as individualism, self-empowerment, choice, freedom, free enterprise, self-reliance and self-esteem. I hope that we, as politicians, can advocate and reinforce those values, because if we do we may be able to help many, many people to rise beyond the circumstances of their birth, and if we do that, society as a whole will prosper.

I also believe in the power of the family. I believe that the family is a fundamental and vital tool in holding society together. It can provide security, stability and commitment. In the family we learn how to give, how to share, how to be kind, how to care, and how to build relationships. Those are the foundations that people need in order to progress. Yet for many years the family has been badly neglected as an institution, although it is also key to dealing with issues such as gun crime, knife crime, teenage pregnancy, truancy and antisocial behaviour. I hope that we, as a Parliament, will do all that we can to support the family.

As for enterprise, it enables aspiration to become reality. It can also create wealth, independence and choice. I set up my first business when I was 11 years old, digging up old bottles from a Victorian dump in Carlisle and selling them at an old curiosity shop. I know that that sounds like something out of Dickens, but it is absolutely true. At one stage I was making about £2 a week, which was a lot of money in those days. I have always loved business, and I have always been enterprising.

In our country it has nearly always been possible to aim high, work hard, be resourceful, take a risk and make money, but that is changing. Over-regulation is strangling enterprise. Every accident is someone else's fault, and people are quick to talk about rights—but what about responsibilities? Even our employment legislation has become so potentially onerous that people must be very careful about whom they take on. Any redefinition of a job description can be construed as constructive dismissal, and any criticism of performance may equal "harassment". I often feel that I cannot give a bad but honest reference without fear of litigation.

The combined effect of all that is a massive disincentive to enterprise, which is bad for business and bad for Britain. I hope that, through this coalition Government, we can get rid of some of this nonsense, replacing it with a much more common-sense approach. In order to do that, however, we may need to promote and recruit Ministers and Government officials who have at least some direct experience of wealth creation, and who understand the importance of cash flow and the working environment in which we must all operate.

Our country is facing very difficult times. The House is debating an emergency Budget and the effects that it may have, but however we choose to rectify our financial position, we must strive to preserve the things that underpin our chances of success: aspiration, family and enterprise.

I thank the House for listening to my speech, and thank the fine people of Maidstone and The Weald for electing me and sending me here.

7.44 pm

Mr Eric Illsley (Barnsley Central) (Lab): I congratulate the hon. Member for Maidstone and The Weald (Mrs Grant) on her maiden speech. As she admitted, she has a difficult act to follow, but the confident and assured way in which she addressed the House shows that she is well up to meeting the challenge. We look forward to listening to her on many occasions in the future.

This Budget is hypocritical, regressive and vindictive. It is hypocritical because, as recently as April, both the Prime Minister and the leader of the Liberal Democrats rejected the idea of an increase in value added tax. The excuse that they have given since forming the coalition Government is that they found that matters were much worse than they had thought once they managed to see the books. I find that somewhat difficult to swallow, given that the problems relating to our finances have been well documented.

I tend to agree with my hon. Friend the Member for Coventry North West (Mr Robinson) that the Government have been suckered into believing information from the Bank of England about the danger of our being sucked into eurozone problems, when in fact we are in no such danger. Before the banking crisis and the recession struck, our historic debt stood at about 40%, a level comparable to that in some other regions. It was not particularly excessive.

It is rather galling that the Liberal Democrats have fallen so easily into the coalition Government, agreeing not only to the £6 billion of cuts that affect my area but to the cuts that form part of this emergency Budget. They seem to sit comfortably in this cutting Government; they seem to be comfortable wearing the Tory mantle that they appear to have assumed. I think that many people in the country will rightly feel that they voted for Liberal Democrat Members of Parliament only to be presented with Tories.

The Budget is vindictive because it attacks the less well off: the lower paid and benefit claimants. The hon. Member for Peterborough (Mr Jackson) let the cat out of the bag when he called it a Conservative Budget—a traditional Conservative Budget, which attacks the public sector and cuts the welfare state. Are the Government trying to tell us that, in an emergency Budget, they will remedy all the ills of recent years in which our welfare budget has increased? Are they going to do all that in one Budget? Surely not. Surely they could have taken time to examine our debt problems in depth before making slashing, swingeing cuts such as these.

It seems that we are returning to the old Tory mantra: if it is provided by the public sector it is bad but if it is provided by the private sector it is good, and everything to do with the private sector is far superior to everything to do with the public sector. That simply will not wash. It is the old dogma that we have heard in the past.

VAT is obviously a regressive tax. It affects the less well off far more than those on higher incomes. It is a question of involuntary versus voluntary expenditure. Yes, people on higher incomes will pay more in VAT, because they will spend more of their disposable income on luxuries. Unavoidable expenditure on food, groceries and other necessities will affect the lower paid much more than the well off.

Ian Swales: Will the hon. Gentleman give way?

Mr Illsley: No, I will not.

As we have heard time and again this evening, housing benefit cuts will throw people out of their homes. It is apparently assumed that those people can move from one end of the country to another to find employment, but slashing public sector spending by 25% in every Department will surely result in further job losses. Here we are, throwing people on to unemployment benefit while at the same time cutting the welfare state that is designed to assist them. That will have an impact on areas such as mine, in which there are high levels of public sector employment. Why does my area have a high level of public sector employment? Because a certain previous Government removed its one major industry, the coal industry, many years ago. We have struggled to find incoming investment and employment to compensate for those job losses, and, as has been mentioned, when the coal industry was being closed down the Government of the time encouraged workers to go on to incapacity benefit rather than unemployment benefit because that reduced the unemployment figures. We therefore have a legacy of higher numbers of claimants of incapacity benefits such as disability living allowance. As for the idea that we will bring in a medical test for DLA, the conditions for DLA are based on care needs. They are based not on the medical condition of the person claiming, but on whether they require care throughout the day or night. The introduction of a medical would therefore remove a lot of people from that benefit, probably unjustly.

Why have the Government decided to cut at the ratio of 80:20? Why does the cut suddenly need to be so great? The hon. Member for Peterborough made the point that this is a Conservative Budget. The Conservatives have, with the co-operation of the Liberal Democrats, taken the opportunity to attack the public sector and the welfare state, just as they have done in the past. This is simple opportunism to cut the welfare state and the public sector work force.

7.51 pm

Mr Edward Timpson (Crewe and Nantwich) (Con): In the limited time available to me, I want to concentrate on some specific areas of the Budget that affect either my constituency or subjects about which I feel passionately, but first let me say that there was one subject the hon. Member for Barnsley Central (Mr Illsley) did not speak about: bingo. It is a passion that we share, and it is important to mention it as I do not think it has been referred to so far in the Budget debate. Through campaigning, we recently managed to secure a reduction in the tax on bingo from 22% to 20%, and I am sure he would want to join me in campaigning to ensure that that reduction continues until we have got it back to the 15% level and that we get a commitment from the Government that they will look to reduce that tax as soon as the financial circumstances of the country allow.

The right hon. and learned Lady the Leader of the Opposition said in her response to the Chancellor's statement that the Budget would "hit" constituents in Cheshire the least. I am unsure whether she said that out of concern for the poorest and most vulnerable people in my constituency or out of political mischief aimed in the direction of the Chancellor, my right hon. Friend the Member for Tatton (Mr Osborne)—although I think I know which is the more likely—but I am nevertheless glad that she raised the matter. Crewe and Nantwich is home to some of the most poverty-stricken areas in Cheshire, and it is the people in those areas who deserve to be—to quote the right hon. and learned Lady again—"hit" the least.

In 2008, the year in which I was first elected to the House, Labour hit the lowest paid with the 10p tax fiasco. While this is a difficult Budget, I am proud of the fact that the coalition is doing the opposite by lifting 880,000 of the lowest paid out of tax altogether. I am also proud that we are introducing the earnings link for pensions, something Labour did not do for 13 years, instead, unforgettably, increasing the pension by 75p.

It is not just these headline measures that affect my constituency, however. The Government have announced that they will reduce regulatory costs by introducing a one in, one out system for new regulations. That was touched on by my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who made an excellent maiden speech. She made the point that regulation is right at the heart of the issues that small businesses in particular face. At an election hustings event in Crewe and Nantwich organised by the Federation of Small Businesses, local business man after local business man told me about their No. 1 concern: stifling regulation. At present, a small business spends on average seven hours a week filling in forms. What a waste! Three in four firms say the Budget will make a positive impact on their business, and I have no doubt that to those job and wealth creators the reduction in regulations is one of the most important measures that back business in the Budget. It has inspired a welcome response.

Another measure in the Red Book that will benefit business in Crewe and Nantwich is the coalition's commitment to investigate ways to help with fuel costs in remote rural areas. The coalition is considering the case for introducing a fuel duty discount in those important parts of the country, including a possible pilot scheme in Scotland, but I ask my right hon. and hon. Friends on the Treasury Bench to consider extending the scope of the pilot schemes to include thriving rural economies such as that in Crewe and Nantwich, which is at the very heart of our dairy industry.

I also want to speak about one of my particular passions: adoption and fostering, and looked-after children. As chairman of the all-party groups on both those subjects, and as someone who shared his childhood—and most of his adulthood—with foster children, I can say that foster carers will be very happy that their capital

[Mr Edward Timpson]

allowance rules will be amended in this Budget to ensure that they operate consistently and as intended for all carers. Foster carers are to be applauded for the sterling work they do in providing for some of the most vulnerable in our society, and none of them should be penalised by the taxation system purely because their business circumstances change.

We know we have to make choices in this Budget about where we make cuts. There are issues of essential spending and issues of discretionary spending, but money spent on looked-after children and the caring and support of vulnerable children by foster carers should never be seen as a luxury, so my plea on behalf of a part of our population that cannot speak for itself in these chastened and difficult times is do not forget about us. If the baby P and Edlington cases taught us anything, it is that when it comes to child protection we cannot afford to cut corners or pass the buck. With 40% of people in prison having been through the care system, we have to recognise that there is still much to do.

I believe that this is a decisive Budget. It deals with the record deficit the Government inherited from Labour and it contains important measures that will benefit some of the poorest and most vulnerable in my constituency, as well as the business and rural communities. It is hard to welcome some of the tougher measures contained in it, but, sadly, they are necessary, albeit painful, decisions. I applaud the overall structure of the Budget, therefore. We on the Government Benches did not build up the record deficit, but we will do all we can to knock it back down and get Britain back in the black.

7.57 pm

Pamela Nash (Airdrie and Shotts) (Lab): Thank you, Mr Deputy Speaker, for allowing me this opportunity to make my maiden speech, and I would like to congratulate the hon. Members for East Surrey (Mr Gyimah) and for Maidstone and The Weald (Mrs Grant) on their excellent maiden speeches.

I am delighted to have been elected for my home constituency of Airdrie and Shotts. To represent the people from whom I have come is the greatest honour I can imagine. It is, however, sad that this, my maiden speech, comes on a day when we will be asked to vote on a Budget that is more regressive than anything Thatcher ever managed to produce. It is a Budget based on ideology, not reality; on aggressive cuts, not need. The hard-working people of my constituency will be among those hardest hit by the measures proposed: when tax credits are cut, when necessary benefits are lowered, when 100,000 jobs are lost that would have been saved under a Labour Government.

My constituents have not forgiven the Tories for the destruction they let loose upon Scotland in the 1980s. Unfortunately, if the Budget gets through, it looks as if history will repeat itself. How can a Budget that reduces the opportunities that are available, that takes away support from those in danger of losing their homes and that increases VAT be described as progressive? How can Liberal Democrat Members who publicly campaigned so hard against these measures support this Budget? I have quickly come to the conclusion that the Members on the Government Benches do not know the meaning of the word "progressive".

One of the most famous sons of my constituency, the father of the Labour party, James Keir Hardie, was an intelligent man, ahead of his time. While, admittedly, he did show an affinity for the Liberals early in his career, he soon became disillusioned with the economic policies of Gladstone's Government and came to the conclusion

"that the Liberals neither would nor could ever adequately represent the working classes."

I wonder what he would make of their successors today.

Reading Keir Hardie's story once again, as I prepared this speech, I was reminded why I became interested in politics. His family had little and lost the little they had because they were unprotected from unemployment and health problems, and there was a lack of education provision. He struggled against startling odds to educate himself, beginning at night school in Holytown in my constituency, and took great risks to enter politics and represent those unable to represent themselves. It is to lift people out of poverty and ensure that no one has to exist like that that I entered politics. We in the Labour party are grateful to Keir Hardie for blazing the trail that allows us to sit in the Chamber today.

Thirteen years after Keir Hardie first led Labour MPs into the House of Commons, my constituency was fortunate to be represented by the then baby of the House, Jennie Lee. She gave her maiden speech in response to Churchill's Budget, using the opportunity to highlight the real suffering behind the figures. Since 1945 my constituency, in its various guises, has been represented by some of Labour's brightest stars, including Margaret Herbison, who in her 25 years as an MP fought for miners' rights and was instrumental in forging the foundations of our welfare system.

Peggy was succeeded by Labour's former leader, the right hon. John Smith. My first political memory was hearing of his death when I was in a school assembly. His memory and influence remain at the heart of my community and its politics as much as they lie in the spirit of this Chamber. He will never be forgotten.

Following John Smith's death a by-election was called and the right hon. Helen Liddell emerged victorious. Helen's strong wit and character lit up the Chamber. She will be an excellent addition on the red Benches and I look forward to the contributions she will make there. When Helen headed for sunnier climes down under, the right hon. Dr John Reid took her place as Member of Parliament for Airdrie and Shotts. Dr, soon to be Lord, Reid has served the people of Lanarkshire for 23 years. His wit became apparent in the first minute of his maiden speech when he mentioned that the empty Tory Benches he was facing reminded him of a mass rally of the Scottish Conservative party. Following this year's general election in Scotland, I could not agree more.

Soon after Labour came to power in 1997, Dr Reid began his ministerial career at the Department for Transport and went on to hold more Cabinet posts than any politician in recent history. As Secretary of State for Scotland, he oversaw the handover of power from Westminster to the Scottish Parliament. He went on to become Secretary of State for Northern Ireland when the peace process was in jeopardy. I know that the highlight of his political career was to witness Martin McGuinness and the Reverend Ian Paisley sit down together at Stormont as Deputy and First Minister, an outcome helped along by the work of Dr Reid.

Quickly gaining a reputation as a problem solver, Dr Reid was given two of the most difficult jobs in Cabinet in his final years in government—Defence and the Home Office. Three years ago today, he woke up for the first time in a decade without the pressures of ministerial office. He returned to the Back Benches with quiet grace and dignity, quickly managing to find an excellent assistant from his constituency. He now moves on to other challenges, including accompanying his predecessor next-door. To the country, he is the Labour fixer who sorted out Departments when they went wrong. To Parliament, he is a man of honour, loyalty and wit, but to me he is the man who gave me the opportunity to reach my potential and I thank him for that.

Before I finish, I pay tribute to the greatest feature of my constituency—its people. Their kindness and good-heartedness are best illustrated by the generosity shown towards St Andrew's hospice in Airdrie, which requires donations of more than £40,000 a week to keep going, yet still manages to get the support it requires. In Shotts, a local boy, Kyle Grant, has won the hearts of our community by raising money with his family to obtain specialist treatment for cerebral palsy in America. Not so long ago, his target of £40,000 seemed like a far-off dream, but he has now managed to achieve double that amount. With the support of local businesses, local newspapers—the *Airdrie & Coatbridge Advertiser*, the *Wishaw Press* and the *Motherwell Times*—and local people, charitable causes will continue to flourish in our area for as long as they are required.

I am proud to come from a place where people put others before themselves. That is at the heart of the politics of the area. It is the birthplace of the Labour movement; people do not just want a better life for themselves and their families, but for everyone else too. That is why when we do well, we do not pull up the ladder of opportunity behind us. That is why we support moves to end poverty at home and overseas. That is why I am proud to serve the people of Airdrie and Shotts.

8.4 pm

Jackie Doyle-Price (Thurrock) (Con): It is a pleasure to follow the hon. Member for Airdrie and Shotts (Pamela Nash) who has just given her maiden speech. I am sure the rest of the House will forgive her for making us feel a little bit old when she reminded us of her first political memory. It was a fantastic start and we all look forward to hearing much more from her in the near future.

I am pleased to have this opportunity to deliver my maiden speech in an extremely important debate. Tackling the long-term culture of welfare dependency is probably the single most important ingredient in really sorting out and fixing our broken economy.

I have the great honour to represent the constituency of Thurrock, which, for Members who do not know, is in Essex, on the borders of London. I am the sixth Member for Thurrock since the constituency was created in 1945. I am extremely honoured to follow in the footsteps of Andrew Mackinlay, who served the people of Thurrock in this place for 18 years. I say that with real sincerity. He was much loved and respected on both sides of the House. He was a committed parliamentarian and a stout and outspoken defender of civil liberties. He will be missed here and in Thurrock where he is held in considerable warmth.

My constituency is a collection of towns and communities. At its heart is the town of Grays and it extends to the west to Aveley, Purfleet and South Ockendon and to the east to Tilbury and Chadwell St Mary. One of our jewels is the port at Tilbury, which even today supports 10,000 jobs. It is one of the traditional industries that have been much neglected in recent years, and although it goes from strength to strength it needs further support.

Thurrock's communications are one of its biggest strengths. Its proximity to the M25 and to London, and its location on the River Thames all make it an attractive location for business and a key logistics hub. We also have the Dartford crossing, which I am sure is the scourge of many a motorist—including Members—as they queue to pay the toll. I remind the House that when the crossing was constructed it was envisaged that the tolls would be lifted once the construction costs had been met. That time has been and gone, and instead of scrapping the tolls the last Government increased them. Since the tolls were increased the queues have become more problematic and no doubt cause significant costs to business users of the crossing when they find themselves stuck in congestion. We need to think again about the continued existence of the tolls, about future capacity needs on the M25 and crossings on the River Thames and the prospects for additional crossings to the west and the east. The review announced in the Budget must consider all the options thoroughly so that we have a transport system along the M25 fit for the future.

In recent years, Thurrock has become a major retail centre, with the development of the Lakeside shopping centre and retail park. There are signs that the retail offering is likely to expand still further, which is why this is a particularly exciting time to represent Thurrock. I have mentioned its strategic location and although there is much to celebrate, the area can do so much better.

The Thurrock Thames Gateway Development Corporation has been charged with delivering inward investment and has made some progress. I very much hope it will be given the opportunity to deliver its plans, notwithstanding plans to fold it up into the Homes and Communities Agency.

In Thurrock, we are all excited about the potential for the development of creative industries following the major investment made by the Royal Opera House. We need to establish the national skills academy to support Thurrock as a creative industries cluster. I firmly believe that we have a once in a generation opportunity to secure the future development of Thurrock and it should not be squandered. I look forward to playing my part in building a better future for the constituency.

Having indulged the House by describing everything that is great about Thurrock, I turn to the business under discussion. The need for welfare reform was the main issue that brought me into politics as a teenager. In those days, I was living on a council estate in Sheffield. It seemed to me a real injustice that hard-working families—people working every hour to put food on the table—had no better standard of living than many households where no one was in work. The frequent lament at the working men's club was, "Why do we bother?"

Over time, that injustice seems to have become more and more entrenched. The way that tax and benefits interact today means that work simply does not pay for

[Jackie Doyle-Price]

far too many households. The result is that we have a society where too many individuals do not have the self-respect or discipline that comes from work and individual responsibility, the rest of society is burdened by an ever-higher tax bill and we as a country are dependent on migrant labour to fill those jobs that simply do not pay for our workers to do. We cannot go on like this.

I hope that the Budget really marks the beginning of our quest truly to reform the dependency culture that exists in Britain today and to give everyone the opportunity and incentive to work. In so doing, we will not only reduce welfare bills, but increase tax receipts to the Exchequer, so that the entire nation will become better off and future Budgets will be a lot less painful than this one.

8.10 pm

Mr Iain Wright (Hartlepool) (Lab): It has been a pleasure to participate in a debate that has included so many excellent maiden speeches—from the hon. Members for East Surrey (Mr Gyimah), for Thurrock (Jackie Doyle-Price) and for Maidstone and The Weald (Mrs Grant)—and an astonishingly powerful maiden speech from my hon. Friend the Member for Airdrie and Shotts (Pamela Nash). I often used to think that parliamentary democracy needed a regular infusion of youth, talent and drive to keep it going, but given how much great talent there now is on both sides of the House, I am not sure that that is the case; I do not think that we should see so much great talent, because it certainly does not do my career chances any good whatsoever.

The best way to secure a sustained recovery is to put in place the conditions for growth, but the Budget fails to do so. Indeed, from reading the Red Book, it is very unclear where growth will come from at all. Paragraph 1.48, backed up by comments from the Office for Budget Responsibility, states that the economic forecast is for a gradual recovery, with

"net exports and business investment making a greater contribution to growth than in the recent past, and government spending making a negative contribution to growth as fiscal consolidation is implemented."

The notion of an export-led recovery is very welcome—it would help some of the firms in my constituency—but how on earth is this going to happen? The eurozone economy is in grave danger, and the notion that we can rely on growing opportunities for exports into Europe in the next few years seems very ill-judged. The policy stance adopted by some of the G20 at the weekend seems to indicate that, where there was once global co-operation for stimulus, there now seems to be broad agreement for austerity. If that is the case and the world's major economies are collectively going to reduce demand, where does that leave the prospect for an export-led growth plan?

In similar vein, the Red Book states that business investment will also be a catalyst for recovery, but how will that happen when the Chancellor is cutting the capital allowances rate that would incentivise businesses to invest in new plant? How will that happen if the OBR's own forecasts envisage companies having to absorb some of the rise in VAT through lower profit margins? How will that happen if, as the OBR states in paragraph C.29, business investment has a relatively high import content? How will businesses be encouraged to invest more when they face in the next few years higher import costs and lower profit margins. Admittedly, they will have lower corporation tax rates, but disproportionately higher cuts in capital allowance.

My region of the north-east and my constituency suffer more than their fair share during economic downturns. We in Hartlepool are still suffering from the social and economic consequences of deindustrialisation and the Thatcher Government's response. I would be the first to applaud the Government if they genuinely helped communities such as mine to stimulate their sense of enterprise and entrepreneurialism. I, too, want an economy led by the private sector and for the north-east to achieve its potential, but nothing in the Budget will allow that to happen.

Nothing in the Budget gives us any clue about the future industries that would help our country to prosper in the 21st century. We lead the world in creative industries and are second only to the US in digital industries, but how could the Chancellor state that he wanted to see Britain open for business when he scraps video games tax relief? There was frighteningly little on how this country could lead the world in green jobs and green industries, and how the Government could encourage and facilitate such a move to a leading low-carbon economy. The north-east could be leading the world in energy infrastructure, incorporating nuclear, oil and gas and renewable technology that could help this country to prosper, but there was nothing at all in the Budget to encourage that.

The regional growth fund that was announced in the Budget is very welcome, as is the proposed White Paper on regional economic performance, but the proposals in the Budget were so bland and ambiguous as to be almost meaningless and gave the impression of being put in the Red Book at the last minute, as an afterthought. I am particularly concerned that the regional growth fund will be set up only in 2011-12 and 2012-13, so the job losses that take place now, as a result of the Government's cuts set to take place in this financial year, will not be helped.

Scrapping the future jobs fund, which has been successful in Hartlepool, combined with the deep cuts to working neighbourhoods funding, will stop hundreds of young people from embarking upon a career. Potential growth of the economy in my constituency is therefore being hit now, in this financial year, with no clear assistance from the Government at all.

Within a few days of the new Government taking over, the largest private sector company in my constituency went into administration, which led to the loss of 650 jobs in Hartlepool. I am not blaming the Government for the company's fall, but the coalition's response was incredibly telling and deeply depressing. The response that I received from a Minister at the Department for Business, Innovation and Skills following my request for assistance was offensively complacent—basically washing his hands of the matter and stating that the local authority and regional development agency should be expected to bear the load. Indeed, the local authority's economic development team—the best in the country—and One NorthEast are working closely together for the workers who lost their jobs, but how can they work to

the best of their abilities when the local authority has been asked to find £1.7 million of cuts this year? How can One NorthEast be expected to operate as effectively as it could when it has heard conflicting, contradictory and confusing reports about its future? How can help for a private sector-led recovery be given—for example, retraining opportunities for the workers who have lost their jobs—when the Department in Whitehall charged with helping business is facing some of the biggest cuts?

Many hon. Members in the Budget debate have mentioned the 1980s, when the Thatcher Government doubled VAT, and it was clear then, as it is clear now, that the priorities were to shift the burden from income taxation to taxation on consumption. That is not only regressive and impacts upon the poorest in society, but deflationary, taking demand and consumption out of the economy, so it will take us longer to climb on to sustained recovery. That deflationary stance always increases unemployment, and I fear that we will once again see unemployment rise to levels that are socially unacceptable and economically wasteful.

The coalition Government's tired policies are devastating in any era. The policies did not work in the 1980s, and they will not work now. I ask the Government to think again and not rush headlong into an ideological zest for cuts that will increase unemployment.

8.17 pm

Lorely Burt (Solihull) (LD): I congratulate the hon. Members for Thurrock (Jackie Doyle-Price), for Airdrie and Shotts (Pamela Nash), for Maidstone and The Weald (Mrs Grant) and for East Surrey (Mr Gyimah). I agree with the hon. Member for Hartlepool (Mr Wright) that they bring inspiration and enthusiasm to the House. We are all here to try to make things better, and I am sure that all of them will play their part.

The coalition Budget has been described as tough but fair, and hon. Members on both sides of the House will certainly agree that it is tough. Why does it have to be so tough? It is tough because we are borrowing £1 in every £4 that we spend, because we owe £22,400 for every man, woman and child in this country and because, thanks to Labour, we have one of the largest budget deficits in the whole of Europe, so we must take the action that Labour dodged. Now that the OBR has been formed, we know the true scale of the problem that we face, and we have worked it out so that no one can fix the figures anymore.

Mr Anderson: Does the hon. Lady disagree with the OECD, which said that the previous Government's actions prevented this country from going from a recession into a depression? If those actions had not been taken, we really would have been in a mess.

Lorely Burt: The hon. Gentleman makes a fair point. Indeed, the Liberal Democrats supported some of the steps that the Labour Government took, but that does not allow Labour Members to wash their hands completely of this country's financial state.

Dr William McCrea (South Antrim) (DUP): But can the hon. Lady and her colleagues wash their hands of the fact that although they opposed a rise in VAT during the election, they will now go through the Lobby to support it? Surely that is hypocrisy.

Lorely Burt: I am glad that the hon. Gentleman raises the issue of VAT. If he has a little patience, I shall address that fully in just a moment.

I applaud the fairness factors in the Budget, many of which were suggested by Liberal Democrats. The £1,000 increase in the threshold at which people start to pay tax will bring 880,000 people out of tax altogether and benefit 23 million people on low and middle incomes. That increase is the first step towards a Liberal Democrat manifesto pledge. The tax on banks will not affect small banks, but it will allow tax cuts for other types of business to be introduced. The changes to capital gains tax will mean that top earners pay 10% more, although there will be thresholds so that others pay at a lower rate. The rate of 28% is not as high as Liberal Democrats might have gone, but the Government have been advised that 28% is the highest rate that can practically be set before revenue starts to be lost, so that is fair enough.

Pensioners have already been discussed today. They will benefit from the earnings link and the triple lock, which will mean that they receive an increase reflecting earnings inflation or 2.5%. No Labour Member has managed to explain why the Labour Government did not restore the earnings link over 13 years, and never again will we have the disgraceful situation of pensioners receiving a 75p increase, as Labour proposed. Child poverty is addressed through an extra £2 billion for child tax credits, and the pupil premium will help the most disadvantaged children.

This is a Budget for business. Business is the engine that will drive us out of the recession, so we have put our emphasis on ensuring that we have cuts rather than taxes, with a 77:23 split.

The hon. Member for Hartlepool said that this was not a green Budget, but there are good incentives for low-carbon investment through the reform of the climate change levy, the proposals on which will come in the autumn. We also have the green investment bank and the green deal for households, which will enable households to make improvements that will pay for themselves over time.

The reduction in corporation tax also shows that this is a Budget for business. In addition, we are pumping money into Royal Mail, which did not happen under the previous Government. The Budget contains nice little touches such as entrepreneurs relief. It does not involve any indexation or a taper, and the amount that retiring entrepreneurs can enjoy has increased from £2 million to £5 million.

The national insurance threshold increase in 2011 will take 650,000 people out of national insurance altogether. What a contrast that is to Labour's proposals for a tax on jobs. The enterprise finance guarantee scheme is being extended to 2,000 businesses. Under the regional growth fund, I look forward to our pumping money into the regions, meaning that we are no longer a London-centric Government. We will ensure that the regions get the kind of support they need, especially for new businesses.

Of course, there have been hard choices. The hon. Member for South Antrim (Dr McCrea) talked about VAT, and it is regressive. The hon. Member for Airdrie and Shotts said that we did not know the meaning of that word, but we really do. However, our VAT rate is still below the average for Europe.

Ian Swales: Is my hon. Friend aware that after Thursday, when Spain increases its VAT rate by 2%, only Cyprus and Luxembourg will have a lower rate of VAT than we do?

Lorely Burt: My hon. Friend is right and I am grateful for his helpful intervention. We must put all these things into perspective. The existing exemptions will apply to items such as food and children's clothing. My hon. Friend the Member for St Ives (Andrew George) has tabled an amendment about VAT. He is rightly worried about the effect of the VAT rise on particular groups, but I point out that the Red Book states of the chart on page 67 to which he referred:

"Chart A3 shows that the top expenditure decile will lose almost 15 times more, in absolute terms, than the bottom expenditure decile from changes in indirect taxes."

The increase is not nice, but we feel that it is appropriate.

Several hon. Members *rose—*

Lorely Burt: I am sorry but I cannot take any more interventions.

We have talked about welfare throughout today's debate, but I should point out that the welfare bill was set to rise to nearly £200 billion and we just cannot afford that. The autumn spending review will treat those most in need as a priority, and although we will make cuts, we will cut carefully. This year's Labour Budget included plans for £44 billion of cuts and tax rises, but the previous Government did not say how they would raise that money and what taxes they would have increased. Until Labour Members are prepared to tell us what they would have done, they have no right to criticise this coalition Government.

8.27 pm

Maria Eagle (Garston and Halewood) (Lab): In March, before the election, the Chancellor told the *News of the World*:

"We are all in this together. I am not going to balance the budget on the backs of the poor".

which was very reassuring for voters to hear before an election. Since the election, both the Prime Minister and the Deputy Prime Minister have tried to argue that the Government and even their Budget are progressive. However, having had a closer look at the Budget and the Government, we can conclude that neither is progressive in political or economic terms. I am afraid that it looks very much like the Chancellor is indeed planning on balancing the budget on the backs of the poor.

I want to spend a little of the time that I have examining the effects of several Budget measures on poorer and disabled people. Disabled people are some of the most marginalised and vulnerable of our fellow citizens, but they are also one of the greatest sources of under-utilised talent and potential in our country. They are generally at the poorer end of the income distribution and they are more reliant on public services than many of our citizens, so the Budget's impact on them will indeed test the Chancellor's claim that he is not aiming his Budget at the poor.

I characterise the Chancellor's overall Budget strategy as further and faster deficit reduction than was planned by the last Labour Government, and an 80:20 split between spending cuts and tax rises in advance of severe spending cuts in the autumn. That is his general approach. We should remember that even the most Thatcherite hawks who did not believe in the existence of society in the 1980s only ever aimed at a 50:50 split between spending cuts and tax rises, so the Chancellor is making the Thatcherites of that time look soft and even-handed. That is not, by the way, how the people of Liverpool remember them for what they did in that decade.

We can say that for most disabled people on lower incomes, who are more dependent than most on public services, the increase in VAT is a disaster. Some Government Members have had the grace to accept that it is a regressive tax. Indeed, both the Prime Minister and Deputy Prime Minister, before the election, said on TV that it was a regressive tax. The deputy leader of the Liberal Democrats, who is in his place, has said so more recently. The increase in VAT, which both the PM and the Deputy PM promised us before the election we would not have, but which they are now both going to invite their hon. Friends to vote for, is not only a joint broken promise that will hit the poorest hardest, but something on which both parties will be judged.

The degree of reliance on spending cuts will also impact much more heavily on poor and disabled people than a more balanced ratio would have done. More than half the £11 billion of welfare cuts will come from indexing benefit rates to the consumer prices index rather than the retail prices index. That sounds technical, but the effect is to set benefits on a permanently lower trajectory, thus year by year compounding the disparity at every uprating, though saving more money for the Chancellor. That, in my book, is the very definition of balancing the Budget on the backs of the poor.

The changes in disability living allowance will be judged not only on that score, which will in itself cut almost £300 a year from the payment. The Red Book also promises us reform

"to ensure support is targeted on those with the highest medical need"

and says:

"The Government will introduce the use of objective medical assessments for all DLA claimants".

Indeed, one Government Member referred to DLA as a benefit that one languishes upon. However, DLA is an extra costs benefit: it is paid not on the basis of a medical diagnosis, but to compensate disabled people for the extra costs incurred by the effect their condition has on their ability to get around or look after themselves. People who work receive DLA. It is not a benefit that one languishes upon; it is a recognition from society that disabled people need a little extra support to enable them to participate in life.

Mrs McGuire: Does my hon. Friend agree with the Essex Coalition of Disabled People, which has indicated that the increase in people claiming DLA has resulted in more disabled people living independently in the community, rather than in the residential care that was in existence in 1993, 1994 and 1995?

Maria Eagle: My right hon. Friend is correct. She, like me, is a former Minister with responsibility for disabled people and has had to grapple with these issues.

This proposal is retrograde because it reverts to a medical model of disability, which disabled people themselves resent. It also has enormous deadweight costs. People who have never been able to walk do not need a doctor's assessment to say that their mobility is restricted. What possible sense is there in subjecting them to one? It just looks like harassment. How does that sit with not introducing a medical for those components of attendance allowance which are the same as the components of disability living allowance? What about pensioners who got their DLA before they turned 65 and still retain it? Are they to be subjected to a medical test? Looking at the Red Book, it seems to me that we have a savings figure attached to this measure of £1.1 billion, and the objective medical test is simply designed to reduce the numbers on the benefit by 20%. The policy has not been thought through. This seems to be a proposal aimed at saving money.

Similarly on housing benefit, the Red Book says:

"Housing Benefit is often criticised as making excessively generous payments that damage work incentives. To address this, the Government will remove payments that trap benefit claimants in poverty instead of providing incentives to work".

But only one in eight housing benefit claimants are unemployed. The majority are pensioners, disabled people, carers or people in work who are on low incomes. What is the point of making this benefit one that incentivises work when most of the people on it fall into those categories? It is nonsense. If instead we start with a suspicion that the reforms are actually about saving money, and we see that they cut £1.8 billion, we are more likely to get to the nub of the issue.

The Institute for Fiscal Studies says that the welfare reforms are

"A mixed bag, with no consistent objective beyond the desire to save money".

The private rented sector reforms just decouple the local housing allowance payable from the level of the rent even in local housing markets, which can only result in people falling into arrears and debt, and being subjected to eviction. In the public and registered social landlord sector the reforms are equally worrying. Many disabled people only have their home. It is the foundation of their lives and their security. It is all they have that is their own. These proposals will force people to move house and face increasing levels of debt. If their area gentrifies—nothing to do with them—they have to move on. If their children grow up and leave home, as they tend to do, they have to move on.

What about disabled people who have adaptations in their home? Are they to have to move? Often, those adaptations make life liveable. They are not a luxury; they are a necessity. Having debt and having to move from one's home is difficult enough for anyone to cope with, but many disabled people are too vulnerable to cope well with such upheaval. How are learning-disabled people, those with severe mental ill health and those with severe physical impairments supposed to go out and look for a new home, as they may have to simply because of these reforms to save money? Disabled people are the least equipped to do that, even before the spending review cuts the support they can get in their local communities to help them with such things.

The Budget is a triple whammy for disabled people: VAT and the cost of living up; incomes and benefits slashed; help and support to navigate those challenges ended. If the Tories do this, they should not have the support of the Liberal Democrats and, quite frankly, the Liberal Democrats should be ashamed to walk through the Lobby tonight to support this appalling Budget.

8.35 pm

Stuart Andrew (Pudsey) (Con): I am grateful, Mr Deputy Speaker, for the opportunity to make my maiden speech.

I congratulate my hon. Friends the Members for Thurrock (Jackie Doyle-Price), for East Surrey (Mr Gyimah), and for Maidstone and The Weald (Mrs Grant), as well as the hon. Member for Airdrie and Shotts (Pamela Nash) on making excellent maiden speeches and for raising the bar so high. I fear that all that is about to change. Through you, Mr Deputy Speaker, may I thank all Members of Parliament and staff for the courtesy and help that they have given new Members? This is a baffling and overwhelming place to get used to, particularly when lost down a corridor somewhere.

I pay tribute to my predecessor, Paul Truswell, who was the Labour MP for the constituency from 1997 until the recent election. He was, and is, an honourable man, and although we did not always see eye to eye, I would like to think that we had mutual respect for each other. He was regarded as a very good constituency Member of Parliament, and only announced his retirement after a serious car crash. I hope that he is recovering well, and that he will enjoy his time with his family. I shall also say a few words about his predecessor, the late Sir Giles Shaw. I never had the fortune of meeting him—sadly, he died not long after his retirement—but he was a contender for the post of Speaker. I understand that he was a witty man, who was well respected for his ability in consensus seeking. Indeed, he had such an effect on the constituency of Pudsey, that someone asked if I was taking over from him.

It is an honour and a privilege to represent the Pudsey constituency, and I am grateful to the voters there for returning me. It is a long constituency that straddles the borders of Leeds and Bradford. In 10 minutes, we can be in the vibrant city of Leeds; in 10 minutes going in the other direction, we can be in the beautiful Yorkshire dales. The common reaction when I say that I represent Pudsey is, "Ah, named after the bear." I point out that the town came first, featuring in the Domesday book. Pudsey is an old mill town, but many of the mills in the constituency have sadly gone. Indeed, at the height of their success, the pollution was so bad that it was said that the birds in Pudsey park flew backwards to keep the soot out of their eyes.

Pudsey is a big town that is suffering somewhat from out-of-town developments, but there is a vibrant market, and I hope that I can do my bit to help the town's economy. There is a lot more to Pudsey than just Pudsey. The neighbouring town of Farsley is home to Hainsworth mills, which provide speciality textiles for the Royal Guards' uniforms, and claim to make the fastest cloth for snooker tables. The cloth in the Woolsack in another place even comes from that mill. One of the town's famous sons is Ray Illingworth, the former England cricket captain.

In Calverley, an attractive and typical Yorkshire village steeped in history, there is a wonderful old hall. In 1604, the local owner and landowner, Walter Calverley, apparently

[Stuart Andrew]

went insane and murdered his two sons. He refused to plead, and was ordered to be pressed to death at the York assizes—a method that was used to try to force a confession, and something I fear that the Whips would like to use on some of us in future. However, he died without confessing his crime, and his ghost apparently haunts the village on dark, lonely nights.

The next village is Horsforth, considered to have the largest population of any village. It is home to Leeds Trinity university college, which has just received that status and is famed for teaching and media training. Finally, there is Aireborough, an area that was regarded in the 2001 census as the most average place in Britain, which I would dispute. It is the home of the original Harry Ramsden's fish and chip shop, Silver Cross prams and another furry friend, Sooty. I know that I am biased, but I love our constituency.

Let me move on to the debate. Yes, this is a difficult Budget, but these are difficult times and I am glad we have a responsible Budget, one which is sensible and is now clearly endorsed by members of the G20. The scale of our debt is truly terrifying and threatens to restrict what we will be able to do in future years. If we do not deal with the debt now, we will be wasting more than £70 billion a year on interest alone, which will threaten our household interest rates and business growth.

I welcome the initiatives of the Chancellor for encouraging regional growth. Tax breaks for new businesses outside London and the south-east are particularly welcomed by someone who is a Yorkshire MP. I want to see our private sector grow so that we are not so dependent on the public sector. Capital investment, too, has been mentioned. I was pleased to hear about the Leeds and Liverpool railway line. I know that there are other things that we want for our city in Leeds, for which I will be pressing the Chancellor. All these will encourage enterprise.

I shall say a little about my background. I grew up on a council estate in a family that had very little money. I was the eldest, and even I had hand-me-downs. What helped my family and others was the ability to start a new business. I remember my father starting a small roofing company. It was not much, but it was something. It got him off the dole and it employed another person. That is the sort of wealth creation that we need in this country so that we can help the small businesses to create the wealth to improve the prospects for our future, and also to help the millions of people who have been abandoned by the Opposition on benefits. I think particularly of the young people who are out of work. Through the creation of wealth and jobs we can turn the country round and improve the prospect of helping those people.

8.42 pm

Katy Clark (North Ayrshire and Arran) (Lab): Thank you, Mr Deputy Speaker. I warmly welcome you to your position.

I congratulate the hon. Member for Pudsey (Stuart Andrew) on an eloquent maiden speech, as well as the hon. Members for Maidstone and The Weald (Mrs Grant), for East Surrey (Mr Gyimah) and for Thurrock (Jackie Doyle-Price), who also made excellent maiden speeches today. My hon. Friend the Member for Airdrie and Shotts (Pamela Nash) clearly knows her Labour history. A number of strong Labour women have represented her constituency in the past, and she showed today that she will be a powerful advocate for the community that she represents. She mentioned in her speech that her constituents have not forgiven the Conservatives for what they did in the 1980s. In my constituency, North Ayrshire and Arran, that is what I was told repeatedly during the general election.

As I listened to the debate today and as I have listened to the rhetoric from the Conservative party over the past few weeks, it reminded me of the 1980s. Fortunately I was a little older than my hon. Friend at the time. When I left school I knew nobody between the ages of 16 and 25 who had a job. Education or the youth training scheme, as it was then, were the only opportunities available. It was astonishing to hear again after 20 years the talk about getting "on yer bike". For most people in areas such as the one that I represent, moving is not an option. For all the reasons that have been set out today, if we see the kind of attacks on our benefit system that are being outlined, that will become even less of an option.

My hon. Friend the Member for Garston and Halewood (Maria Eagle) described in detail how the changes in the benefit system would have a disproportionate effect on some of the poorest in society. The Budget is deeply regressive and will be devastating for some of the poorest communities and some of the poorest people in the country. However, it will also devastate the economy, because it is a depressive Budget. The rise in VAT, the cuts in benefits to some of the poorest in society and, perhaps even more significantly, the huge cuts in public spending will drain huge amounts of money from the economy. In other parts of Europe, more and more Governments are taking an increasingly similar approach, and that is very worrying for not just the British economy but beyond, because it does not seem obvious where we will be able to sell our goods. So this is a very dangerous Budget.

I have already said that the current debate is reminiscent of debates that took place in the 1980s. In 1979, a Government were elected saying that they had no plans to increase VAT, but not long after there was an increase from 8% to 15%; and now, of course, one of the first steps that we see is a significant increase in VAT. Until the past few weeks I had never heard it argued that increasing VAT was anything other than a regressive policy that would disproportionately affect some of the lowest earners in society.

Mr Anderson: I remember a similar situation. Does my hon. Friend remember also that in the 1980s people continually said, "There is no alternative"? Now, the code for that is, "This is unavoidable", and it is sad that the Liberal Democrats have been taken in by the Conservative party. The Lib Dems are the real dupes in this House.

Katy Clark: I agree. I listened with care to the hon. Member for Solihull (Lorely Burt), who basically said that we could not afford the benefit system and, therefore, it was necessary to take these steps, but the House must remind itself again and again that we are a hugely wealthy country. We have the fifth wealthiest economy

in the world, but the wealth and power in society are unevenly distributed; and that has to be the backdrop whenever we have these discussions.

Given the proposals that we have heard, this Budget simply seems to be a Tory Budget. I appreciate the Liberal Democrats' points about the policies that they have tried to inject, but overall the Budget will disproportionately affect those on the lowest incomes. A few days ago the TUC commissioned a paper, which states that overall the annual loss in income and services for the poorest 10th of households is estimated to be £1,514, which is equivalent to 21.7% of their household income. The average annual loss for the richest 10th of households is estimated to be £2,685, which is equivalent to 3.6% of their overall income. No doubt a lot of work will be done on those figures, but we must consider them when we discuss not only the Budget, but the Finance Bill, which we will debate over the coming weeks.

I agreed with the hon. Member for St Ives (Andrew George), and I fully appreciate the difficulties and stress that Liberal Democrat MPs in his position must feel if they have always argued that a VAT increase would have a disproportionate impact on the poorest in society. I hope that we see some detailed work on the impact of not just the VAT increase, but all those policies on the poorest in society.

In reality, we are seeing unprecedented cuts in spending on public services, but I find it difficult to believe that any Government of any political colour will be able to make the proposed reductions, because we are talking about departmental cuts of about 20% to 25% over five years. It is difficult to imagine that the Government will be able to deliver on that, because these are such savage cuts in the services that all our constituents rely on.

This is a bad policy not only because it disproportionately affects some of the lowest-paid and lowest-earning in society, but because it risks choking off the recovery that is so vital to us all. My hon. Friend the Member for Coventry North West (Mr Robinson) was absolutely right—we needed a Budget for jobs and growth, but we have something completely to the contrary.

8.50 pm

Sarah Newton (Truro and Falmouth) (Con): I think that I will be the last person this evening to make their maiden speech—*[Interruption.]* No, I am sorry—I stand corrected. I am the penultimate person to do so.

Having grown up in Falmouth and having been confirmed in Truro cathedral, it is a real privilege to stand here today as the first MP for the new constituency of Truro and Falmouth. I am particularly pleased to join today's debate, in which we are discussing the important contribution that many of the measures in the Budget will make in enabling enterprise to prosper in my constituency.

My immediate predecessors will be well known to Members of this House. Matthew Taylor served for more than 20 years as the Member for Truro and St Austell, and he played an important role in highlighting the issues of living and working in the countryside of Cornwall in his well-respected Taylor report. As chairman of the National Housing Federation and a director of South West Water, as well as serving in the House of Lords as a Lib Dem peer, he will be able to continue his work on the issues identified in his report. I look forward to helping him to take the words from its pages and put them into action, especially in delivering truly affordable homes for local people to buy or rent.

Julia Goldsworthy served as the Member for Falmouth and Camborne in the last Parliament, and she has recently returned to the Westminster to work as special adviser to the Chief Secretary to the Treasury. Her work in creating the Sustainable Communities Act 2007 is noteworthy, as is her dedicated campaigning work for NHS services in Cornwall. I look forward to working with her in her new role.

I have often heard colleagues in this House refer to Cornwall as part of the Celtic fringe; no doubt that is intended in a humorous way. While I am very proud of the Celtic culture, sports and traditions of Cornwall, there is absolutely nothing "fringe" about Cornwall or its people. Cornwall throughout the ages has been, and will continue to be, at the cutting edge of important national developments, as well as being at the centre of key moments of our history. The industrial revolution started in Cornwall, and Cornwall is leading the new industrial revolution—that of delivering the renewable and sustainable energy that our future economic security and growth will depend upon. Cornwall's pioneering and inventive people and enterprises are ready to rise to the challenge of delivering a low-carbon economy and secure energy supplies. They need a Government who understand how to create the right market conditions for enterprise to succeed. I believe that this coalition Government have the determination to do this, and so to unlock potential in Cornwall.

My constituency is a slice of central Cornwall running from the north to the south coasts. It includes Cornwall's administrative, retail and media centre and its only city—Truro. The Royal Cornwall hospital, the only acute hospital in the whole county, is in Truro, along with the Peninsula medical and dental school. I am grateful for the dedication of the staff in our NHS in Cornwall and the people who work hard in all our public services.

Cornwall has benefited from EU objective 1 funding, and now convergence funding, which has helped to develop the knowledge-based economy. Combined Universities in Cornwall has enabled people of all ages to access the opportunity to undertake higher education and obtain new skills. University College Falmouth is a world-leading arts organisation.

Throughout the constituency are very many beautiful villages, from the rugged splendour of the north coast villages of St Agnes and Perranporth to the no less beautiful but gentler coastline of the Roseland peninsula. As hon. Members will be aware, tourism is an important industry in Cornwall. Thanks to local farmers and fishermen, there is a thriving and growing local food scene, which comes together into some mouth-watering food festivals enjoyed by locals and tourists alike. I am delighted that the new coalition Government recognise the importance of farming and fishing to our national food security.

In the hinterlands of the constituency are the ruins of many of the mines for which Cornwall is famous. As a descendant of Cornish miners, I am particularly pleased to see renewable energy enterprises developing in the ruins of the old tin and copper mines. Cornwall has the hottest rocks in the UK and is a natural location for geothermal energy production. That, combined with our rich tradition of engineering and inventiveness,

[Sarah Newton]

provides an ideal environment and ideal skills to develop that sustainable form of energy. Geothermal Engineering Ltd has submitted a popularly backed planning application to Cornwall council and if it is successful, we will see the first commercial geothermal energy plant in the UK, which will produce 10 MW of renewable energy to be fed into the national grid.

Nearby, at the former mine of Mount Wellington, is Kensa Engineering, an award-winning manufacturer of ground heat pumps that works with social housing providers across the country to deliver low-carbon energy and at the same time lift people out of fuel poverty. I am delighted that the coalition Government have stated their support for renewable energy incentives. I believe that the Government's priority, as set out in the Budget, to enable more business finance and financial support for the low-carbon economy, will help support excellent low-carbon companies and energy providers such as those in my constituency. The Government's emphasis on the need for economic growth to come from the private sector will also, I believe, create a better environment for the many businesses that already contribute so much to the local economy, particularly at Falmouth port.

Falmouth is not only important to the economy of Cornwall as the third-largest natural harbour in the world, it is of strategic importance to the UK. Falmouth has a long and proud maritime history and, as the most westerly port in the Atlantic gateway, has been at the centre of trade since ancient times. As ships for all purposes, including those needed to service marine renewables and the Navy, are getting larger, the deep waters of that safe haven are ever more important to the nation, not just to Cornwall.

I understand that many of the measures in the Budget will be tough for people living and working in my constituency. I do, however, believe that by taking the brave decisions in this Budget—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

8.57 pm

Anas Sarwar (Glasgow Central) (Lab): I am grateful to you, Mr Deputy Speaker, for giving me the opportunity to make my maiden speech in this debate as the new Member for Glasgow Central. It is a pleasure to follow the excellent contributions of the hon. Members for East Surrey (Mr Gyimah), for Maidstone and The Weald (Mrs Grant), for Thurrock (Jackie Doyle-Price), for Pudsey (Stuart Andrew) and for Truro and Falmouth (Sarah Newton), and of course of the baby of the House, my hon. Friend the Member for Airdrie and Shotts (Pamela Nash).

I would like to begin, as is customary, by paying tribute to my predecessor. It is perhaps somewhat easier for me to take part in that tradition than for other hon. Members making their maiden speeches, as I have had the privilege of knowing Mohammad Sarwar for all 27 years of my life. He has been a tremendous inspiration to me and it is an honour to follow him into Parliament as the Member for Glasgow Central.

Mohammad Sarwar began his political career in 1992, when he was elected to serve on Glasgow city council. He went on to make history in 1997 when he became the UK's first Muslim Member of Parliament. He was re-elected to serve Glasgow Govan in 2001 and, following boundary changes, won Glasgow Central in 2005. On election night in May of this year, when I learned that I had held the seat for Labour with an increased majority, I turned to my election agent and we congratulated each other on a well-fought five-week campaign. Overhearing our exuberance, my predecessor was quick to remind us that his hard work as an MP for the preceding five years may also have had something to do with it.

My predecessor enjoyed a distinguished parliamentary career, including serving as a member of the Select Committee on Scottish Affairs before being elected its Chair in 2005. A devoted internationalist who was respected on both sides of the House as a champion of the Asian and Muslim communities, Mohammad Sarwar did a tremendous amount of work to strengthen Britain's relationships abroad, but first and foremost, my predecessor was a very passionate and forthright constituency MP who always spoke up to ensure that the interests of his constituents were well represented in this House. In recognition of his 20 years of service to Glasgow, he was last month awarded the Loving cup by the city's lord provost. It is one of the highest honours that can be given by the great city. One example of his devotion to his constituents is his successful campaign to secure the future of thousands of jobs in Glasgow's Govan shipyards, which he cites as his greatest achievement as a Member of Parliament. I hope that under this Government, the tremendous history of shipbuilding on the Clydeside will be protected and promoted, and not harmed.

As you can probably tell from my accent, Mr Deputy Speaker, I was born and brought up in the city of Glasgow, and I have lived there all my life. I love the city of Glasgow and I am a proud Glaswegian, so I feel immensely honoured and hugely privileged to have been given the opportunity to represent the people of Glasgow Central in Parliament. I thank them for putting their faith and trust in me and I promise to work tirelessly to repay that trust.

Glasgow has been through some very difficult periods in its history, and there will clearly be further testing times ahead, but I know the resilience, spirit and innovation of the city's people, and that is why I am confident for its future. In the past 13 years, Glasgow has been transformed from its inward-looking, post-industrial slump to become a confident, outward-looking, economically regenerated city. It is now a leading location not just for shipbuilding but for high-tech industries and developing fields such as biotechnology. It is Europe's fastest-growing conference centre and we now have more than 4 million tourists visiting annually. World-renowned universities such as the university of Strathclyde and Glasgow Caledonian university are also within my constituency, and I am proud to have graduated from the university of Glasgow with a BDS in dentistry. We all know the pain that can be inflicted by a dentist, but that pales in comparison to the pain inflicted by the Chancellor with this Budget—I know that was a cheap joke, but I could not resist it.

Glasgow Central's school leavers and graduates can look forward to employment in the largest economic part of Scotland. Its business district, international financial centre, manufacturing sector and Clydeside media hub provide thousands of jobs. Glasgow Central

also boasts a thriving retail industry and the best shopping in the UK outside London, including the style mile, which takes in Sauchiehall street, Buchanan street and Argyle street together with three shopping centres. Culture seekers are also catered for in my constituency, which boasts the Scottish exhibition and conference centre, the Glasgow science centre, the Kelvingrove art gallery, the gallery of modern art, the People's Palace and several theatres among its many attractions.

Glasgow is a city that is brimming with confidence and is on the up. This will be demonstrated on the world stage when we proudly host the 2014 Commonwealth games. The spirit of optimism so evident in the city centre permeates into the neighbouring communities that surround it: to the north and west lie Dundasvale, Cowcaddens, Garnethill, Anderston and Finnieston; south of the River Clyde are the hard-working communities of Govanhill, Toryglen, Pollokshields, Kinning Park and the Gorbals; and in the east are Bridgeton, Calton and Dalmarnock, which I hope will reap the economic benefits of the Commonwealth games.

There is much to celebrate across Glasgow Central, but we still face many challenges. Although the previous Government made huge strides, we must recognise that there is still a way to go, and I am determined that the progress made in recent years will be built upon, not diminished. Some areas are still counting the cost of the devastating economic policies of the 1980s, which saw communities blighted and a generation of young people left on the unemployment scrap heap. Sadly, it seems that the same mistakes are being made again.

The Institute for Fiscal Studies has shown that the bulk of the pain in this Budget will be felt by the poorest in the country. At times of economic difficulty, the Government should be supporting and protecting the most vulnerable in our society, not harming them and hitting them hardest. Severe cuts to child tax credits, housing benefit, and disability living allowance, as well as the VAT increase, will affect thousands of low and middle-income families and pensioners in Glasgow Central and across the UK. That is on top of the decisions to scrap child trust funds and the future jobs fund. I urge the Government, particularly hon. Members on the Liberal Benches, to rethink many of those previously tested and failed policies before it is too late.

Let me conclude with a message to my constituents. My first priority is to be a visible, accessible and hard-working member of parliament. I will fight for vital investment to ensure that we continue to create opportunity and jobs in Glasgow so that it can remain a great place to live, work and raise a family. I will work in the House with hon. Members on both sides to help to build a society that has equality and fairness as its guiding principles, providing educational opportunity, tackling child poverty and ensuring that everyone, no matter what their background, can match their aspirations with achievement.

9.4 pm

Mr Brian Binley (Northampton South) (Con): May I first pay tribute to my hon. Friend the Member for Truro and Falmouth (Sarah Newton)? She is no longer in the Chamber, but she held her own with charm and interest among the many excellent maiden speeches this evening. I congratulate all who made such speeches, especially the hon. Member for Glasgow Central (Anas Sarwar), who delivered an informative, interesting and hard-hitting speech. He clearly has a great future in the House. I know I speak for all hon. Members when I ask that he pass on our good wishes to his distinguished predecessor—his dad.

It will come as no surprise to Labour Members that I welcome the Chancellor's Budget, but I have been amazed when listening to some of their speeches during the Budget debates. It seems to me that they have a collective delete button that has erased the last 13 years of their memory. I regret the situation left by the previous Government, which has motivated the many tough measures that the Chancellor has been forced to take. I also regret that they left such a massive budget deficit and such a large public sector debt, and that they let spending rip to sustain the previous Prime Minister's vain boast that he had done away with boom and bust. How empty those words seem now.

Mrs McGuire *rose—*

Charlie Elphicke (Dover) (Con) *rose—*

Mr Binley: I will gave way to my hon. Friend, if the right hon. Lady will forgive me. Time is limited to only seven minutes per speech, so I ask her indulgence.

Charlie Elphicke: Does my hon. Friend also regret the fact that child poverty has increased by 300,000 since 2004-05? Does he welcome the fact that it should be frozen in the next two years?

Mr Binley: I welcome the Government's pledge to ensure that child poverty does not increase in the next two years in these difficult times, but I was dismayed by the previous Government's record, which left so many young people out of employment, education and training. That was terribly sad.

I regret that the previous Government thought that they had only to create a project and throw money at it to solve a problem. I come from industry, and I can tell Labour Members that in truth, how projects are managed determines their success or otherwise. Perhaps they can take that lesson on board.

I congratulate the Chancellor on his courage in the face of what he had to deal with. I think he produced a fair and balanced Budget, as do many of my electorate in Northampton. To fire a warning shot across the bows of Labour Members, I can tell them that a number of those who told me that this weekend were in fact Labour voters. Labour Members might need to temper their comments in the light of that information.

The success of the Budget is not assured. It depends on achieving the projected growth figures, which means being competitive. How sad that on the World Economic Forum's global competitiveness index, the UK fell from seventh to 13th in the rankings between 1997 and 2010. Sadly, that is another Labour failure.

As I said, the Chancellor did a great job in trying to be fair and balanced, not only for this generation, but for our children and grandchildren. Had we not taken that action and set out on that course, they would be left with the burden.

Karl Turner (Kingston upon Hull East) (Lab) *rose—*

Mr Binley: I will not give way because time is very limited.

One thing that makes me most angry is the idea that we should spend the money and expect our children and grandchildren to bail us out. That is totally unacceptable.

I said that the success of the Budget is not assured, but I welcome the many initiatives that the Chancellor outlined in his speech, including the reduction in corporation tax, particularly for small businesses. The Federation of Small Businesses announced that they will help more than 850,000 small and medium-sized concerns. Along with the FSB and the Forum of Private Business, I welcome the extension of the enterprise guarantee scheme, which will likewise help those small businesses. The FSB reckoned that a 1% increase in national insurance contributions would have brought about the loss of 57,000 jobs. So the previous Government's record continues. The issue is not only what they did, but what they said they would do. We need to take that into account.

I am delighted that the Chancellor listened to our concerns about raising capital gains tax and that he has increased the threshold to £5 million from £2 million to further encourage entrepreneurs. All of that, welcome though it is, might not be enough to ensure that business has the available financial resources to produce the growth that we need. I am especially worried about that because some 94% of the people who work in the private sector in Northamptonshire work in small or medium-sized enterprises. I fear that they will not have access to the credit from the banks that they require to continue their businesses. Some 70% of the nation's creativity comes from that sector, and SMEs added 2 million jobs to the employment list at a time when UK plc was shedding 1.5 million jobs. Without that sector, we would not have had the jobs growth that we had in the five or six years before the beginning of the recession.

We face some serious issues in ensuring that the SME sector receives the credit it needs to provide the growth that my right hon. Friends the Chancellor and the Chief Secretary require. The G20 agreement to force the Government to make sure that the banks hold on to even larger amounts of capital flies in the face of our work in that respect, so I ask the Chief Secretary to look at ways of ensuring that the sector receives the money it requires. I want him to look at the levy on the banks to see whether he can allow some of that money to be spent on providing credit for the small business sector and I also want him to promise that he will look at ways of alleviating the £130 billion figure placed on us—seemingly by agreement—by the G20. I welcome the Budget, but I need my Government to recognise the need for SMEs to get the money they need to continue to grow to provide the jobs that we require.

9.13 pm

Mr George Mudie (Leeds East) (Lab): This is one of those occasions that Members dread, when they write a very calm speech but then have to follow the hon. Member for Northampton South (Mr Binley), nice fellow though he is. He has, in one contribution, echoed so much of the same political nonsense that has come from the Government Benches to justify this unnecessary Budget. Day after day, we have heard about the state that Labour left the country in and the deficit that Labour caused.

The hon. Gentleman forgets that from 1997 until 2007 and into 2008 we had unbroken growth every month—*[Interruption.]* I do not know about the hon. Gentleman's constituency, but I have a very deprived constituency and, however critical I was of the Labour Government, a lot of people were able to leave behind the memories of the Thatcher 1980s. They got jobs, bought houses and started to take pride in themselves and their families. They started to think that they had a future. That was our Labour Government, but what those on the Government Benches seem to forget is that they are letting some greedy, irresponsible people get away with what they have done to this country and its people. [Hon. Members: "It's your lot!"] This is exactly it: how could anybody on the Government Benches blame a Labour Government for a financial crisis that swept through the western world, bringing misery and poverty?

The fact is that those on the Government Benches are letting the bankers get away with it—it is obvious even in the Budget that they are doing that. Government Members are going to vote tonight for £5.9 billion of cuts in welfare benefits in the Budget, yet they are taking only £2 billion from the bankers. In fact, they are not even taking £2 billion from them; what they are doing is not hitting the bankers—the greedy, irresponsible ones; the ones who are pocketing the money and taking their bonuses—but hitting the banks and the customers.

Andrew Bingham (High Peak) (Con): Will the hon. Gentleman give way?

Mr Mudie: No, we have no time, as the hon. Member for Northampton South said.

Those on the Liberal Benches—the real Liberal Benches—seem to be listening to the Government propaganda. I wonder whether they read David Smith in *The Sunday Times* the week before the Budget. David Smith—not a well-known Labour supporter—drew our attention to the independent Office for Budget Responsibility, which was set up by the Chancellor. The OBR produced a report, which I see one member of the Front-Bench team has read and understands, containing its forecasting from June, based on the Labour Budget of March. We are talking about the choice for the Liberal Members who entered the Government, having taken their Business Secretary's word that Mervyn at the Bank told him that things were so bad that we had only one option—to push through the cuts, which are reminiscent of the '80s—but we do not.

This is David Smith's introduction to the Office for Budget Responsibility's report:

> "The 'before' version, the OBR's baseline projection, was contrary to some reporting last week, a rather attractive vision for the economy over the next few years."

That is our legacy: "a rather attractive vision for the economy". What was in that projection? The answer is that

> "growth averages 2.7% from next year until the end of the parliament,"

in 2014-15, and

> "inflation sticks to the Bank of England's 2% target,"

throughout the life of the Parliament. As for unemployment—this is the choice that those on the Government Benches are making—it will go up with the Budget.

Under the Labour Budget, as analysed by the independent Office for Budget Responsibility,

"unemployment falls despite…Labour's planned spending cuts."

"Unemployment falls"—can those on the Government Benches say the same? The article continues:

"The economy rebalances away from consumer spending and government towards exports and investment. The saving ratio steadies,"

with

"borrowing falling from 11.1% of GDP in 2009-10 to 3.9% by 2014-15 and the current account deficit, 1.7% of GDP this year, falling to 0.8% in 2014."

and both the structural budget deficit and the cyclically adjusted deficit falling. That was all in the independent report that the Chancellor called through.

So when those on the Government Benches are walking through the Lobby to force cuts on people—kids who want to go to university; disabled people; people on incapacity benefit—*[Interruption.]* Oh yes, of course, it is all emotional, but these are people. We are taking a gamble with the Budget, and it is an unnecessary gamble. Professor Budd spelled out in his report that it is unnecessary. When those on the Government Benches go through the Lobby to vote for the Budget—this great risk, as the Business Secretary admitted in the House last week—they ought to know what they are doing to ordinary people in their constituencies and our constituencies. The Budget has been described by the hon. Member for Solihull (Lorely Burt) as tough but fair, but the word that she left out was "unnecessary". The Budget this year will mean a difference of £6 billion, but before the Chancellor brought it forward, he had to admit, when the result came in, that we were £11 billion better off. It is an unnecessary Budget and it is a gamble. Ordinary people will pay for it, and that is a disgrace.

9.20 pm

David Rutley (Macclesfield) (Con): Thank you for giving me the opportunity to speak in this debate, Mr Deputy Speaker. We have heard some wonderful maiden speeches today, including those of the hon. Member for Glasgow Central (Anas Sarwar) and my hon. Friends the Members for Truro and Falmouth (Sarah Newton), for Pudsey (Stuart Andrew) and for Thurrock (Jackie Doyle-Price), among other great constituencies of this country. I congratulate them. Our talk about the Budget today has been vital, because it will define the challenge of this Parliament and, quite possibly, of a political generation.

I should like to thank hon. Members on this side of the House for electing me a member of the Treasury Committee. It will be a great honour to serve on the Committee, which plays an important role in Parliament, and I look forward to working with its Chairman, my hon. Friend the Member for Chichester (Mr Tyrie), and all its other members, in carrying out my duties.

Before I go into the content of the Budget, it is important to remind the House why such a Budget is required. Yes, there has been a global economic crisis, but the sheer scale of the budget deficit has clearly been exacerbated by the policies of the previous Government, and it is time that Labour Members had the honesty to acknowledge that. As a special adviser in the Treasury during the last Conservative Government, when "canny Ken" was Chancellor, the most important lesson that I learned was that you cannot spend what you have not got. Based on the exchanges in the last couple of debates, however, it is clear that that lesson has been lost on Labour Members. It is as though they think that spending is an end in itself, that it is good to spend, and that we should carry on spending regardless. Well, we have had to take the measures to stop all that.

The economic crisis is affecting the whole of the country, including Cheshire, despite what the Leader of the Opposition said last week. In Macclesfield, we shall see the loss of 600 jobs with the closure of BAE Systems' Woodford site in 2012. There are also closures at Kay Metzeler in Bollington, and at Swain and Sons in Poynton. Most recently, we have heard the announcement of the loss of 250 jobs when the Cheshire building society closes down its operations in our town. We have now seen a staggering 177 % increase in unemployment in the past five years. We are working hard locally to address the situation, and we will be holding a business forum to determine what further action can be taken.

It is clear, however, that an improvement in the economy locally, as well as in constituencies across the country, will require national action as well. That is why I welcome the Budget, with its measures to show that Britain is open for business. That will be important for local employers in Macclesfield, such as AstraZeneca, who need to have the confidence to go on investing in this country, and for those looking to start new businesses in regions such as the north-west, where job creation needs a big boost from business, not from the public sector. I am also pleased that the Chancellor is taking positive steps to reduce the budget deficit. It is the biggest in living memory, which is why we are having to take tough action to get the economy moving again.

Given such difficult circumstances, the focus of our debate should be not only on what needs to be done, but on how these huge objectives can be achieved. Policies and programmes will need to be reviewed as planned, but let us not forget the process by which the challenges should be addressed. My hon. Friend the Member for Gainsborough (Mr Leigh) has already made some important points on this. The public spending review will be a critical task. Lord Waldegrave of North Hill, my former boss at the Treasury, recently gave the Chief Secretary to the Treasury some advice. He told him that he would need to have the hide of a rhinoceros in taking the review forward, and I have no doubt that that is true. I wish the Chief Secretary every success in establishing a rigorous and challenging review, and in deciding the urgent priorities in Government spending.

Delivering the Budget will also require a transformation in the culture of our civil service. We need to help civil servants to feel proud about their efforts to save taxpayers' money. When I worked at Asda, colleagues there were genuinely motivated and proud to work towards delivering a lower cost of living to customers. They knew that to deliver everyday low prices they had to focus on delivering everyday low costs, and they were proud to do that. It was part of every bit of work that they did, day in, day out. I suggest that there are lessons to be learnt from that approach in the delivery of value for money in Government and effective public services. It is clear from the actions of Ministers in the coalition Government that they are committed to bringing about cultural change of that kind, and I fully support their efforts.

[David Rutley]

It is good to know that clear objectives are being set at the top, and that value-for-money Ministers will be appointed in every single Department; but I trust that, in such difficult circumstances, those objectives will be shared throughout Whitehall, and that the Cabinet Secretary will give more priority to the value-for-money objectives of permanent secretaries and their teams. I believe that much of the knowledge required for the achievement of those objectives rests with those responsible for front-line service provision, where the proximity of customers provides powerful knowledge and understanding.

During the general election campaign, I met thousands of public sector workers who were appalled at the amount of waste and the layers of bureaucracy that they had to face every day of the week. One hospital chef told me that he had three bosses. I think most people would agree that that should not be part of the recipe for providing nourishing meals for patients in hospitals. That is why I support Ministers in their efforts to learn from people in the front line and, despite many competing priorities, find time to listen to their views and work with them. I urge those Ministers to continue their efforts to break down the barriers that are preventing taxpayers from receiving the effective services and real value for money that they so richly deserve.

For those reasons, I support the Budget. It is tough and it will be challenging to deliver, but it is the medicine that is needed to treat the trauma of this economic crisis and return our ailing economy to full health. I entirely support the Chancellor's proposals, which are set out so clearly in his Budget.

9.27 pm

Mr Ivan Lewis (Bury South) (Lab): I congratulate the hon. Members for East Surrey (Mr Gyimah) and for Maidstone and The Weald (Mrs Grant), my hon. Friend the Member for Airdrie and Shotts (Pamela Nash), the hon. Members for Thurrock (Jackie Doyle-Price), for Pudsey (Stuart Andrew) and for Truro and Falmouth (Sarah Newton), and my hon. Friend the Member for Glasgow Central (Anas Sarwar) on their excellent maiden speeches.

This is a Budget that will define not only the new Government but the kind of country that Britain is to become for a decade, perhaps even a generation. The choices made in this Budget will have an impact on every middle and low-income family, every community and every workplace. They will determine not only our economic destiny, but the very nature of our society. Those choices, presented as economic imperatives, are in reality driven by an ideology which yet again fails to understand that if a state retreats too far, the result is not a big society but a broken society.

I want to concentrate on public services and welfare. Let us be clear: this is a Budget of choice, rather than a Budget in which there is only one choice. The deficit could have been reduced over a longer period, as happened in the aftermath of the IMF loan in the 1970s and that of Black Wednesday in the 1990s. The balance between taxation, spending cuts and growth could have been different, and the overall package of measures could have been progressive rather than regressive.

Much has rightly been made of Liberal Democrat duplicity. I watched closely on Budget day as the Deputy Prime Minister anxiously passed the Red Book to the right hon. Member for Gordon (Malcolm Bruce), frantically seeking to draw his attention to the tables on pages 66 and 67. The right hon. Gentleman dutifully made a trenchant speech, claiming that this was a progressive Budget and citing the tables as evidence. Within 24 hours, the Institute for Fiscal Studies had made it clear that such claims were as misleading as a typical Liberal Democrat "Focus" leaflet. It confirmed that the overall impact of the Budget measures was regressive and that the poorest would be 2.6% worse off, while the richest would be worse off by only 0.6%. That did not include cuts in benefits and public services, which would widen the gap considerably. I do not see how Liberal Democrats can claim to be progressive when they are willing to vote for this Budget, let alone for VAT increases.

In legitimacy and credibility terms, the Tories have matched the Liberal Democrats in their contempt for the electorate. It seems to have been forgotten that the Prime Minister, the right hon. Member for Witney (Mr Cameron), claimed to have modernised his party. It was no longer the nasty party, no longer indifferent to social and economic inequality. The right hon. Gentleman would govern from the centre ground, and would face down the right-wing ideologues in his party.

This Budget proves that that was all a charade. Instead we have the same old Tories, driven by a "leave it to the market" dogma, cavalier about social disintegration and contemptuous of the public sector. As throughout history, they seek to divide and rule, reversing new Labour's economic prosperity and social justice paradigm and disregarding the link between public sector investment and private sector growth. They stigmatise the public sector and its work force as the primary cause of our economic problems, while irresponsible bankers and markets without ethics hardly get a mention. This narrative emanates from politicians and commentators who mainly use private education and health care, whose personal wealth guarantees their quality of life, and who are out of touch with the daily realities of most people in this country.

Let us consider the public servants who make a difference on a typical day in my constituency and those of every other Member: children's centre staff and nursery nurses; teachers, classroom assistants and support staff; head teachers; police officers and police community support officers; prison and probation officers; doctors, nurses and ancillary staff; district nurses, home carers and mobile wardens; social workers, youth workers and Connexions staff; area co-ordinators and leisure staff. I could go on and on. Yes, and managers and administrators too; after all, effective organisations in the public as well as the private sector need good management and sound administration. There are also the construction companies, contractors and suppliers, providing a range of goods and services to public agencies. The public sector civilises our society, helps people to fulfil their potential, and protects those who are sick and vulnerable.

I do not deny the need for reform and cuts. In government, we should have devolved more to local government and local communities. The remuneration of public service executives should be transparent, and some roles can no longer be justified when tested against other priorities. However, cutting 25% to 30% of the

public sector in only five years will both destroy our social fabric and slow the pace of economic growth. This coalition believes that as the state retreats, enterprise will flourish and the "big society" will fill the gap left by public services. That is fantasy politics and fantasy economics. The private sector will struggle to expand while the economy is fragile, which is why these cuts are too fast and too deep. Also, 1.2 million private sector jobs are dependent on the public sector, and 40% of public expenditure is spent in the private sector. The agents of the so-called big society—voluntary groups and community networks—will have their grants cut by local councils reduced to fulfilling only statutory duties.

The Secretary of State claims to champion the family, but he now wants people to break up their families and give up their homes in the pursuit of work. I thought his party was committed to a balanced, not a "get on your bike", economy. He was at pains to say, however, that people would not have to go up north; heaven forbid!

Our opponents can attempt to rewrite history but they cannot change history. We are proud of the decisions we took to save Northern Rock, recapitalise the banks and boost the economy with a significant fiscal stimulus. We protected savers and home owners and intervened to save jobs and businesses. Our approach, in conjunction with that of our global partners, ensured recession did not lead to depression. Prior to the credit crunch, we delivered an unprecedented 11 years of economic growth, with people on low and middle incomes seeing major advances in their standard of living. We lifted hundreds of thousands of children and pensioners out of poverty, and public services were fixed and then transformed.

This Budget fails the tests of fairness and economic recovery. The Lib Dems have made their choice. It is Labour that is now left with the duty to fight for the interests of the—

Mr Speaker: Order. Time is up.

9.34 pm

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): We have had some excellent debates in the Chamber since the Chancellor presented his Budget to the House. They have been good debates not least because we have heard the speeches of some extraordinary new Members, and I hope I will be forgiven for dwelling for now on only the maiden speeches we have heard today.

The hon. Member for East Surrey (Mr Gyimah) rightly perceived that Budgets are not simply collections of statistics. They are important because they are statements about our ambitions for our country and our communities. I was glad to see the scale of his ambitions for East Surrey and I wish him the very best of luck in the difficult business of delivering them, but he showed us that he needs no shoulders to stand on.

The hon. Member for Maidstone and The Weald (Mrs Grant) put the emphasis on family and enterprise. She will find a ready audience for both subjects in the House. She spoke with real feeling about the need to draw politicians and civil servants into public life from a wider range of backgrounds. She is right about that.

My hon. Friend the Member for Airdrie and Shotts (Pamela Nash) spoke movingly about her memories of John Smith and of her debt to John Reid. I served as one of his Ministers and she got his character absolutely right. She was passionate about her constituents and will clearly be an effective fighter in this place on their behalf.

The hon. Member for Thurrock (Jackie Doyle-Price) spoke about her roots and how they have shaped her political outlook. She left us very much wanting to hear more. The hon. Member for Pudsey (Stuart Andrew) told us about some of Pudsey's famous sons—if that is the word to describe both Sooty and Sweep; I have never been quite sure—and I now know the home of Britain's best fish and chips. The hon. Member for Truro and Falmouth (Sarah Newton) was passionate and informed about green energy. The House is in need of those qualities on that subject, and we look forward to hearing more from her.

Listening to my hon. Friend the Member for Glasgow Central (Anas Sarwar) brought me enormous pleasure. He captured with brilliance his father's passion and contribution to this place. He showed us that he is a magnificent successor to his father.

When all is said, however, at the heart of the debate is a judgment. The reality is that the Budget has presented us with the judgment of a gambler. That is not just our conclusion; we have heard it across the spectrum of informed opinion. KPMG said:

> "This is a kill or cure budget",

which

> "risks choking off the recovery."

The Chartered Institute for Personnel Development said that it

> "will curb the demand for the goods and services that...drives business investment and exports."

BNP Paribas—hardly a bedrock of socialism—said:

> "We expect GDP will be much weaker than the Budget projections".

Lombard Street Research said that

> "there remain risks that aggressive fiscal tightening causes the UK recovery to stumble."

IHS Global Insight said:

> "There is undeniably a very serious risk that this accelerated and intensified fiscal tightening could derail a still fragile UK economic recovery."

This afternoon, we have been presented with a contrast. In Toronto, international leaders gathered to agree that the need now was for what they called "growth-friendly" fiscal consolidation, yet at home we are presented with a Budget that suffered the instant indignity of its independent reviewers telling us that it will not speed up recovery, but will slow it down. It will not put more people in work, it will put more people on the dole. It will not move the Chancellor's party—it is so kind of him to join us—from the 1980s, because at the heart of the Budget is an old calculation: unemployment is a price worth paying. That is a philosophy that the Opposition cannot and will not accept.

Only in the fine print of the Red Book does the scale of the Chancellor's bet become clear. The Chancellor promised that he would be up front with us, but in the small print of the Office for Budget Responsibility report we see that he is gambling on growth of £192 billion in business investment and exports to pull us through. Last week, he told us he was all for caution, but now we have learned that he is relying on business investment that is higher, not lower, than Labour's projections, helped no doubt by the cancellation of support for firms such as Sheffield Forgemasters and cuts to investment allowances for manufacturing firms.

[Mr Liam Byrne]

What do manufacturers think of that? The Engineering Employers Federation said that manufacturers

"will now be left wondering where the necessary growth and investment will come from, given the cuts to investment allowances and capital budgets."

Last week, the Chancellor liked to tell us he was all for caution, but now it turns out that he is relying on trade figures not seen in this country since 1974 and only beaten once—in 1950. Yet the prospects for trade in Europe, where half our exports go, are not better than when the March Budget was written; they are worse. Where, exactly, will all those exports go?

I wanted to know whether we had ever had a recovery like the one the Chancellor is gambling on in the next three years, so I asked the Library to do some research, and it said that only once has business investment and trade recovered in the way that he prays for, since the Library started collecting figures in 1966. Now, he is relying on the same performance for the next three years in a row. It is like betting not just on England winning the World cup, but on winning the next three World cups in a row. His strategy is nothing short of a massive bet on a recovery that has been hard-fought by businesses and families in this country. But of course, it has been made possible by the Liberal Democrats' support, not least the imprimatur of the Secretary of State for Business, Innovation and Skills, who is not in his place tonight. Thus the man who made his reputation attacking casino banks has ushered in casino economics to the Treasury.

It is now right to give the Business Secretary a little credit: he at least had the decency to give the House an extended mea culpa for his change of heart. In January, as some hon. Members will remember, he told the House that he agreed with my right hon. Friend the shadow Chancellor about the way forward. Now, he agrees with the Chancellor. At least he spared us the nonsense that, somehow, Britain risks becoming Greece—a country still in recession, with debt twice the level of ours and no ability to devalue its currency.

All this is hinged, it seems, on the words of the Governor—words, I notice, that were entirely absent from the Monetary Policy Committee's minutes for May. In essence, the Business Secretary made markets his defence—it was not his fault; the markets forced him—but somehow, he forgot to mention that those were the same markets in which interest rates were falling during the election. The MPC's minutes for May are, in fact, very helpful. They note that 10-year spot rates were declining, not rising, by about 30 basis points in the month before the election.

The tragedy, of course, in the Budget is that there was an alternative. No doubt we will hear from the Chief Secretary a pretence that, somehow, he inherited no plan. Of course, nothing could be further from the truth, because until May he agreed with our plan. Labour's plan to halve the deficit by 2013, with debt as a share of our national economy falling by 2016, is bang in line with the G20 communiqué announced to the House by the Prime Minister today. I notice that Sir Alan Budd agreed that we were on track to deliver that plan, not least because the public finances were £30 billion better than expected.

Several hon. Members *rose—*

Mr Byrne: I will give way in a moment, because I want Government Members to hear this: far from the absence of detail in the Budget, the Budget prepared by the then Chancellor of Exchequer and presented to the House in March set out to the last penny £19 billion-worth of tax rises and, yes, £20 billion-worth of spending cuts, including £1 billion in cuts from the reform of public sector pensions, £1.2 billion in savings from welfare, £3.5 billion in holding down public sector pay, £5 billion in cuts to lower-priority programmes and £11 billion in savings through the biggest shake-up of Whitehall in a generation. That was on top of £15 billion of efficiencies in this year alone—all carefully broken down by Department.

Matthew Hancock (West Suffolk) (Con): Will the right hon. Gentleman give way?

Mr Byrne: I will give way to the hon. Gentleman. Does he accept that the nonsense about there being no plan that we have heard in the debate was complete rubbish?

Matthew Hancock: Does the right hon. Gentleman think that there is no money left, or does he no longer agree with himself?

Mr Byrne: We can see at whose feet the hon. Gentleman has been training.

Our plan was different from the one the Chancellor presented. Unlike the plan that we heard last week, our plan really did have fairness at its heart. Last Monday night, the Chancellor's spin doctors made fairness his key Budget test, and by Tuesday lunchtime he had failed it. The night before the Budget, we are reliably informed, Lobby journalists were equipped with an analysis of the Budget's impact on different groups of citizens, yet somehow, someone forgot to tell the press that the picture was only fair because it included Labour measures. The Government would not dare to present a Budget to stand and fall on its own merits; they had to borrow ours. It did not take long to hear why.

What was the Budget's impact on pensioners? Age UK says:

"Our research shows that cuts of this scale will be disastrous for older people"

and warns that thousands of lives will be lost. What is the impact on children? Save the Children says:

"Freezing child benefit...will hurt the poorest parents most, rather than their richest peers".

A 20% VAT rate means driving some of the poorest parents into the arms of loan sharks. The Child Poverty Action Group said:

"This is a disappointing budget for child poverty...The increase in VAT is a regressive measure which will impact hardest on poorest families."

Perhaps the final word should go to the Institute for Fiscal Studies. In a phrase that will come back to haunt Government Members, it said that the cuts to benefits will

"hit the poorest hardest and keep on hitting them harder year on year".

Six days on from the main event, the Government's progressive credentials already lie in ruins.

The price of keeping down unemployment in the worst global recession for 60 years was a price worth paying. It was the price of a national defence in a global storm. When we left office, unemployment was 500,000 lower than people expected a year ago. Repossessions were half the level of the 1990s, and company insolvencies were just a third of the rate they reached in the recession of the early 1990s. We are proud that we got the country though the recession in one piece and that we have delivered a return to growth.

It is true to say that no Government would have had an easy time in this Parliament, but the difficulty of the task demands that we do not take gratuitous bets with the nation's hard-fought recovery and that we pay down the debt in a way that is fair. The Budget fails both those tests, and we will campaign for a plan that is better in this House and beyond.

9.46 pm

The Chief Secretary to the Treasury (Danny Alexander): And this from the man who wrote the note saying, "There's no money left", the most infamous letter in recent British political history. However, the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) gave us not one single word of apology for his Government's actions.

Our good, full debate has been illuminated by the excellent maiden speeches made by the hon. Members for East Surrey (Mr Gyimah), for Maidstone and The Weald (Mrs Grant), for Airdrie and Shotts (Pamela Nash), for Thurrock (Jackie Doyle-Price), for Pudsey (Stuart Andrew), for Truro and Falmouth (Sarah Newton) and for Glasgow Central (Anas Sarwar). I served on the Scottish Affairs Committee with the father of the hon. Member for Glasgow Central, so I know that he has big shoes to fill.

This decisive emergency Budget sets out a credible plan to deal with the record deficit that we inherited from the previous Government. It is a tough Budget, and it needed to be tough to reverse the dreadful state of the public finances with which they left us. However, it is a fair Budget that recognises that we are all in this together and that those with the broadest shoulders must carry a greater share of the burden. The previous Government left behind the second largest budget deficit in Europe. Thanks to their incompetence, we are now borrowing £1 for every £4 that we spend, which is a gap of £149 billion this year.

The right hon. Member for Birmingham, Hodge Hill was right to say that at the centre of the Budget was one big judgment: we must go further and faster to reduce the deficit to protect this country and its people from the biggest economic risk of failing to act. If we had failed to act as we have through the Budget, the consequences would have been severe, and the poorest would have suffered the most. We only have to look at Greece to see what happens to countries that do not live within their means: more businesses going bust and higher unemployment.

The Liberal Democrats and Conservatives have come together to tackle the debt crisis facing our country. We have taken the tough decisions that the Governor of the Bank of England and the G20 called for, but that Labour ducked.

Alec Shelbrooke (Elmet and Rothwell) (Con): Will my right hon. Friend give way?

Danny Alexander: I will press on, if hon. Members do not mind.

At the weekend, President Obama praised the action that we have taken, describing it as necessary and courageous. Yesterday's G20 communiqué made the situation clear when it said:

"Those countries with serious fiscal challenges need to accelerate the pace of consolidation",

and no major country has more serious fiscal challenges than those that the previous Government left Britain. Her Majesty's Opposition seem to have adopted the strategy of Fabio Capello: they blame everyone else and deploy the same formation of arguments, leaving a gaping hole in their own defence. They refuse to accept responsibility for their mistakes, let alone apologise.

This Budget stands for three things: responsibility—taking action to eliminate our structural deficit; freedom—helping the businesses that we rely on to rebuild our broken economy; and fairness—protecting the most vulnerable while ensuring the contribution of all. Failure to deal with the deficit is the greatest threat to growth. Failure to act now would mean higher interest rates hitting businesses, hitting families and hitting the cost of repaying the Government's enormous debt, losing jobs and losing growth too. This Budget takes action now to restore confidence in our economy—the confidence that is needed to underpin the recovery that we all want to see. This Budget's forward-looking fiscal mandate will eliminate the deficit in five years and puts us on track to get debt falling by 2015-16. The Office for Budget responsibility, in fact, forecasts that the measures in our Budget will lead us to meet that challenge a year early.

Before I outline our plan, let me remind the House of the previous Government's commitments. They were planning £50 billon of cuts, about which they had nothing of substance to say. Some of their leadership contenders—I do not see any of them here—are rowing back even on that plan. Our emergency Budget sets out the path of public spending for the next five years with the following additional measures: an extra £17 billion comes from reductions in departmental spending, £11 billion from reductions in welfare spending, £3 billion from lower debt interest payments and £8 billion from net tax increases.

As has been observed by all sides in this debate, we know that this will be painful, but it is absolutely necessary to secure the growth and prosperity that this country needs in the future. The last Government's spending plans implied a reduction in departmental budgets of 20%. We are committed to real increases in NHS spending and to protecting international aid, and this Budget implies, as the Chancellor said, that other Departments will face an average real cut of 25%. We will set out the details of those cuts in the spending review, and we will consult widely to inform those plans. In fact, we launched our consultation on Friday, and we have already had more than 20,000 substantive responses from public sector workers, setting out ideas for areas where they know savings can be found. If only we had had a single serious suggestion from the Labour party.

We have taken the tough decision to increase VAT by 2.5%. With a structural deficit some £12 billion larger than the previous Government told us, we had a difficult choice to make: whether to fill that hole by making yet

[Danny Alexander]

more spending cuts or to increase taxes. Further spending cuts would, I believe, have made it impossible to protect the most essential services in the spending review, so the VAT rise was unavoidable.

Mr Anderson: Does the right hon. Gentleman agree with his colleague, the hon. Member for Bermondsey and Old Southwark (Simon Hughes), who said, only on 15 June:

"I hope we don't get a VAT rise because it is the most regressive form of tax"?

Danny Alexander: No party went into the election promising to increase VAT, but the hon. Gentleman should make no mistake: the rise in VAT is a result of the public finances that we inherited from his Front-Bench colleagues. One could say that it is a Labour inheritance tax.

Huw Irranca-Davies (Ogmore) (Lab): Will the right hon. Gentleman give way?

Danny Alexander: I shall press on. I have already given way.

In response to the points raised by my hon. Friend the Member for St Ives (Andrew George), I can say that we have already demonstrated our commitment to transparency by publishing data on the distributional impact of the Budget measures, which has never been done before. We are committed to continuing with that level of transparency in future fiscal events, and we will continue to look at whether we can further improve the breadth of information provided. Parliament will, of course, as my hon. Friend requested, continue to have full scrutiny of the Government's decisions, and I hope that the information that we have already provided, and will provide in future, will facilitate that debate.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Will the right hon. Gentleman give way?

Danny Alexander: No, I want to press on.

Thirdly, this is a Budget for fairness. Fairness underpins this Budget, and fairness runs throughout this Budget. This is the first Budget to include an analysis of the distributional impact of its measures. It shows that overall the richest will contribute most to deficit reduction, and it will have no measurable impact on child poverty by 2012-13. That is a good start, and of course we will take further action to underpin fairness on future occasions and in future Budgets. It is important to stress to the House the fact that the principles that have shaped the Budget will also shape the decisions that we make in the spending review, too.

As my right hon. Friend the Chancellor said, this is a progressive Budget. It is a Budget that takes almost 1 million of the lowest-earning income taxpayers out of income tax altogether—that is progressive. It is a Budget that locks in an annual increase in the state pension in line with earnings, prices or 2.5%, whichever is highest, to the benefit of 11 million pensioners. That is progressive, too. It is a Budget that increases capital gains tax rates by 10% for higher rate taxpayers, but keeps it the same for basic rate taxpayers. That is progressive. It includes a radical programme of welfare reform to focus support on those most in need. The welfare bill has ballooned from £132 billion 10 years ago to £192 billion today. If we ignore the economic and social pressures caused by this system, we will only put the whole country and the front-line services on which we rely under even greater financial pressure in future. The Government will tackle that situation head on, including through the reforms in the Budget to the disability living allowance, housing benefits, and the uprating of benefits. As my right hon. Friend the Secretary of State for Work and Pensions said, these reforms will ensure that help is targeted on those most in need.

Yvette Cooper: Will the right hon. Gentleman give way?

Danny Alexander: I will not give way. The irresponsible Opposition, when in government, caused many of the problems that we face today. We have heard accusations from them today that the measures we announced in the Budget are unfair. Let me test that accusation. The previous Government uprated pensions by 75p. That is not fairness. We have reintroduced the earnings link as our first action—that is fairness.

Yvette Cooper: Will the right hon. Gentleman give way?

Danny Alexander: I will not; I must press on.

The previous Government abolished the 10p rate of income tax. *[Interruption.]*

Mr Speaker: It is for the Chief Secretary to decide. He is not giving way at the moment.

Danny Alexander: That is not fairness. We have taken nearly 1 million people out of income tax altogether. That is fairness. The previous Government left an open door for the highest earners to exploit the gap between the rate of capital gains tax and the top rates of income tax, costing the taxpayer £1 billion a year. That is not fairness either. We have raised capital gains tax for higher rate taxpayers, and only higher rate taxpayers, by 10%. That is fairness.

Yvette Cooper: *rose—*

Danny Alexander: I will give way to the right hon. Lady.

Yvette Cooper: I thank the right hon. Gentleman for giving way. Will he confirm that pensioners will pay hundreds of pounds a year in VAT as a result of his VAT hike, but he chose not to include them in his increase in the personal allowance?

Danny Alexander: I thought that the right hon. Lady was going to do better than that. We have relinked pensions to earnings after 13 years. She failed to answer the question from my right hon. Friend the Work and Pensions Secretary earlier about the uprating she had planned, which was less than ours even in the second year.

We should compare the Opposition's denial that there is a genuine economic need to tackle the deficit with our decisiveness, taking the action on the deficit that we all

know is necessary. Compare their complacency with our responsibility. Compare their legacy of ruin in the public finances with our approach of fairness as we take steps to clean up the mess that they left. Compare their obstinate refusal to take unilateral action in introducing a banking levy with our resolute leadership, which not only delivered a levy but brought France and Germany along with us too. The Opposition would have us living in denial. Their approach to the deficit seems to be see no deficit, hear no deficit, speak no deficit. One Opposition Member even told us in today's debate that they believed the deficit was a fantasy. It is such self-indulgence and complacency that led us into the mess we are in. The way that they got us here is not the way out.

This is a Budget for responsibility, it is a Budget for freedom and it is a Budget for fairness. It is a coalition Budget, and I commend it to the House.

Hon. Members: Hear, hear.

Mr Speaker: Order. *[Interruption.]* Order. There is extensive gesticulation from some very senior and experienced Members, and no little sedentary chuntering from Ministers on the Front Bench, who now occupy senior and important positions.

Question put and agreed to.

Resolved,

That provision may be made in relation to the rates at which capital gains tax is charged.

The Speaker put forthwith the Questions necessary to dispose of the motions made in the name of the Chancellor of the Exchequer (Standing Order No. 51(3)).

2. VALUE ADDED TAX (RATE AND SUPPLEMENTARY CHARGE)

Question put,

That provision be made for and in connection with increasing the standard rate of value added tax.

The House divided: Ayes 346, Noes 270.

Division No. 10] **[10 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Mr Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Howarth, Mr Gerald
Howell, John
Hughes, Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver

Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, Dr John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mr Philip Dunne and Mark Hunter

NOES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate

Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Illsley, Mr Eric
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana R.
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme
Morris, Grahame M.
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Russell, Bob
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela *(Penistone and Stocksbridge)*
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Woolas, Mr Phil
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Lyn Brown and
Mary Creagh

Question accordingly agreed to.

3. INSURANCE PREMIUM TAX (RATES)

Resolved,

That provision may be made for and in connection with increasing the rates of insurance premium tax.

4. PENSIONS

Question put,

That provision may be made about registered pension schemes.

The House divided: Ayes 366, Noes 247.

Division No. 11] **[10.18 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Peter
Bradley, Karen
Brady, Mr Graham
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Mr Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George

Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hughes, Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Llwyd, Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, Mr James
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, Dr John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wilson, Sammy
Wishart, Pete
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Bill Wiggin and Mark Hunter

NOES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William

Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Illsley, Mr Eric
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana R.
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme
Morris, Grahame M.
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela *(Penistone and Stocksbridge)*
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Woolas, Mr Phil
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Lyn Brown and Mary Creagh

Question accordingly agreed to.

5. INCOME TAX: EXPENSES AND ALLOWANCES OF MPS ETC

Resolved,

That provision may be made about expenses and allowances paid to members of the House of Commons and other representatives.

6. AMOUNTS NOT FULLY RECOGNISED FOR ACCOUNTING PURPOSES

Resolved,

That provision may be made amending sections 311, 312 and 599A of the Corporation Tax Act 2009.

7. INSURANCE COMPANIES

Resolved,

That provision (including provision having retrospective effect) may be made about insurance companies.

PROCEDURE (FUTURE TAXATION)

Resolved,

That, notwithstanding anything to the contrary in the practice of the House relating to the matters that may be included in Finance Bills, any Finance Bill of the present Session may contain provision taking effect in a future year reducing the rate of corporation tax for the financial year 2011 on profits other than ring fence profits.

Ordered,

That a Bill be brought in upon the foregoing Resolutions;

That the Chairman of Ways and Means, the Prime Minister, the Deputy Prime Minister, Mr Chancellor of the Exchequer, Secretary Vince Cable, Secretary Iain Duncan Smith, Secretary Chris Huhne, Danny Alexander, Mr Mark Hoban, Mr David Gauke and Justine Greening present the Bill.

Finance Bill

Presentation and First Reading,

Mr David Gauke accordingly presented a Bill to grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with finance.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 3) with explanatory notes (Bill 3-EN).

Wheelchair Services

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

Mr Speaker: Before Mr Anderson starts his speech, may I appeal to right hon. and hon. Members who are leaving the Chamber to do so quickly and quietly, so that he can make his speech and be heard?

10.37 pm

Mr David Anderson (Blaydon) (Lab): Some five years ago, as a new Member, I was approached by a number of children from Ryton comprehensive school in my constituency to see whether I would attend a lobby by the Muscular Dystrophy Campaign that was being held outside the Department of Health. The lobby was held to support a teacher at the school who had a son by the name of Sam who had been diagnosed as suffering from Duchenne muscular dystrophy—the type of muscular dystrophy that attacks young boys in particular, many of whom do not live to see out their teens.

As a result of that lobby, I was approached by a colleague who is now a Minister and asked if I would take on the role of chairing the all-party group on muscular dystrophy. As a young volunteer—well, not so young, but a lot younger than I am today—I did not know what I was letting myself in for, but I can quite safely say that that was one of the most important decisions that I ever took in the House. As a result of the work that we have done over the past five years, we have made great strides in helping people with muscular dystrophy. However, the truth is that we are still a long way from finding a cure. As part of that work, we decided to hold a series of hearings, to which we would invite patients, professionals and people from the Department of Health, as well as people from the specialist commissioning groups and the Muscular Dystrophy Campaign.

Following that work, we produced a report last summer entitled "Access to specialist neuromuscular care". Its subtitle is "The Walton Report", because one of the key players in producing it was Lord John Walton. He was born 88 years ago, and is one of my constituents. Based in Newcastle upon Tyne, he has a long history as a leading light in the work on neuromuscular diseases. He has been a distinguished Member of the House of Lords for about 20 years. He brought to the Committee a real sense of purpose. Others who were involved include our old colleague Dr Ian Gibson, who is no longer in the House, and many others from both sides of this House and from the House of Lords. We produced the report based on people's real-life experiences of living day to day with muscular dystrophy.

We knew that it was not going to be possible to find a cure. We knew that we were not going to get into a debate about research or about trying to find a drug that would be the silver bullet that cured muscular dystrophy. We knew that that would not be possible. However, we heard time and again from people living with the disease that their basic care needs were not being properly addressed. An example is hydrotherapy. Why is it that children who have hydrotherapy during term time cannot have it during the holidays because the caretaker is not at their school? If access to drugs were involved, and a child was told, "Go away for six

weeks. You can't have your drugs because we're on holiday," there would be an outcry. Similarly, parts of the country have good access to physiotherapy, but other parts do not.

A further important issue that cropped up time and again was that of access to powered wheelchairs. Because of the frequency of this complaint, we asked the representatives of the Muscular Dystrophy Campaign to go away and work with people to produce a new report. That report came out last week, and it is called "Get moving—the case for effective wheelchair services". I have sent the Minister a copy, and I hope that he has received it, because he will then be able to give us all the right answers later. I am sure he will not mind if I put my glasses on so that I can read it properly.

These are some real-life experiences of people with muscular dystrophy. They are setting out some basic stuff very clearly indeed. Wendy Hughes from Devon describes her son's situation, saying:

"I have never been more angry or upset about a seemingly hopeless situation. Zak's fight for independence has been an upward battle and completely frustrating, demoralising and hopeless for the whole family".

A patient whose 10-year-old wheelchair is described as "falling apart" said:

"I have had no chance of trying another chair. I need a different type and shape of chair now. No one is listening and it's soul-destroying."

Jill Brown, from Wiltshire, is 68 years old and has progressive neuropathic myopathy. She has been waiting 12 years for the powered wheelchair that she needs. Six weeks ago, she finally received it. Sadly, because her condition has worsened, the chair no longer meets her needs.

The report contains a catalogue of complaints and heart-rending real-life stories. Christopher Powell lives in Plymouth, and has a muscle-wasting condition. He says:

"My current wheelchair has so many faults and I'm paying through the nose to get it fixed. I actually had to make my own headrest for the wheelchair, made out of a Pringles tube wrapped in a sock. It's very embarrassing."

Mark Bishop is from Herne Bay and has had problems getting a wheelchair adapted to suit his needs. He says:

"It ended up taking two years for wheelchair services to adapt a wheelchair they had to what I wanted, and even now it's not finished...Someone with a Meccano kit could have done a better job."

Karen Duckmanton lives in Essex. She, too, has Duchenne muscular dystrophy. She says:

"Even though I can't walk and I need to be in my wheelchair all the time, wheelchair services told me that because I still had a small amount of power in my arms, I could not have an electric wheelchair. I think pushing the wheelchair has made my arms worse. I've been told I would be on the waiting list for 18 months for another wheelchair assessment."

Carol Lawson from Chester-le-Street, quite close to where I live, said:

"I was given a manual chair by wheelchair services but I live on my own so lots of things like windows and shelves were out of reach for me—I couldn't even hang clothes in the wardrobe. So I asked wheelchair services for an electric chair with a rising seat but they told me they couldn't fund it."

That is the story we hear left, right and centre when we approach the Department of Health and the various primary care trusts, although the need for provision has been accepted. It was recognised last year by Phil Hope, the former care services Minister, who said as recently as 19 March:

"Not having the right equipment to get about easily can restrict freedom, isolate and prevent an individual from fully contributing to society. That's not right. That's why we are developing a national entitlement standard for wheelchairs services."

There has been national guidance on wheelchair services for a number of years now, but what is the real experience of the people concerned? They tell us plainly that the guidance is not working, but why is it not working? Here are some of the reasons given by the health service:

"Lack of awareness: Wheelchair Services may not have the specialist knowledge needed for these complex conditions.

Limited funding available: Wheelchair Services may have been allocated a limited budget by PCTs.

Equipment is restricted: Wheelchair Services may have a limited list of equipment it is willing to fund.

Equipment rationing: Equipment may be limited to one piece per patient.

Excessively strict criteria: The provision of equipment is often based on strict assessment criteria rather than actual need."

Wheelchairs are not just a means of getting about, however. For some people, they are life support mechanisms.

Julie Hilling (Bolton West) (Lab): Is my hon. Friend aware of the excellent work done by the charity Whizz-Kidz, which provides bespoke wheelchairs for young people? Does he agree that wheelchairs that fulfil the needs of young people, fit them and are suitable for their purposes, enabling them to lead fulfilled lives, should be funded by the national health service?

Mr Anderson: I entirely agree. I have done some work with Whizz-Kidz, and the appendix to the report contains a reference to its work. However, while everyone welcomes the great work that is being done by the Muscular Dystrophy Campaign and other charities—especially Whizz-Kidz—we should not have to rely on charity.

Mobility is as important to the quality of these people's lives, and in many instances to their longevity, as medication. If someone was told, "I am sorry but you will have to get into a queue because there is not enough medication to go round," every one of us here tonight would be knocking on the GP's door, or asking the primary care trust or the strategic health authority, "What are you playing at?"

This is not like an assessment by the National Institute for Health and Clinical Excellence, when people are told "Yes, it would be good if you could have this, but we cannot afford it." In this instance, people are being told, "You cannot have it for a variety of reasons." In some parts of the country, such as Newcastle, there is a one-week waiting list; in others, there are waiting lists of up to 18 months. However, it ultimately costs the NHS more when people do not have the right wheelchair. They end up in hospital with diseases caused directly by the fact that they are not mobile, and experience physical as well as mental difficulties caused by the stress and strain of living with their problems.

At a lobbying event last week, a gentleman from Essex spoke to the main provider of wheelchairs there. That gentleman was almost in tears. He said—this was a gentleman in his mid-forties—"I have had this wheelchair for 12 years, and I cannot cope with it any longer." But

[Mr Anderson]

the truth is that this is not a difficult problem to solve. The Minister will probably talk about resources. We could all come into the Chamber every night and speak about a particular health-related problem, and I accept that there are limits, but the fact is that this could be cost-effective. People would not be in hospital, there would be fewer emergency admissions, and people could lead much better lives if they were not tied to equipment that does not work properly.

We must accept that the current position is not the position of 10, 20 or 30 years ago. People who are disabled now, thank goodness, expect more, and we as a society should give them more. Some great young people are involved in the Muscular Dystrophy Campaign who go to university and lead independent lives in their own houses, with access to transport and travel around the world, and we should help them in every way we can.

There are a number of things that I should like the Minister to do. I hope that he will agree to meet me, along with representatives of the campaign and of the working group of the all-party group on muscular dystrophy. We are asking the Government to act on the following recommendations. We want them to set up a short-life review group led by the Department of Health to address the failings of wheelchair services, and to get that review group to examine the savings and improvements made by new service models and to ensure they are implemented nationally. We want them to set a national target for waiting times for wheelchairs at a maximum of 18 weeks from the initial referral to the delivery of the chair—I know the new Government are not keen on targets, but we are talking about really looking after people. We also want the Government to set aside an adequate ring-fenced budget for wheelchairs in each PCT under the supervision of a specialised commissioning group. We want them, too, to set up uniform eligibility criteria and a national consensus regarding the features and equipment that should be provided by the NHS so that that can be developed fully. As it is pointless providing a wheelchair if its condition is not maintained, PCTs must accept the cost of maintaining all wheelchairs, including those that have already been bought, modified or privately funded, and that maintenance should be carried out quickly and efficiently.

We should also look to the scheme set up by the people involved in the campaign which is aimed at ending the wheelchair postcode lottery, so that there is the same access to wheelchairs across the country. It is wrong that people in some areas get better access than people in others, but people with muscular dystrophy find that that is the case time and again and it is totally out of order. We should fully implement definition 5 in the specialised services national definitions set, with a named lead for special equipment on the specialised commissioning group. The above recommendations should be used to develop and form a national strategy for wheelchair provision to reduce waiting times, improve access and bring an end to the current postcode lottery.

I know those are big demands, but these people need them. The first young gentleman I saw in a specialised wheelchair was a young man of 25 who had served in the Army Signals. Most of his contemporaries were dead, but he has been saved because his father and mother went to a fête and Lord Tebbit and his wife were there. We all know the sad story of what happened to Lord Tebbit's wife, and she was in a specialised wheelchair. The young man's parents talked to Lord Tebbit on that day, and he pointed them in the right direction. They were therefore able to go and see the people who had built the wheelchair for his wife and get a purpose-built one for themselves, which they had to pay for.

This is not on in the 21st century. It should not be a matter of luck in bumping into somebody somewhere who says, "Why don't you do this?" We are talking about saving lives and improving lives. The truth is, sadly, that a lot of these people will be dead before they are out of their teens. The lucky few will probably live to 30. In other parts of the world, they possibly live for 10 years longer and we can learn lessons from them, and a key part of the way they look after people is access to wheelchair services.

I have spoken specifically about the work we have done in the Muscular Dystrophy Campaign. Since this debate went on to the parliamentary agenda, at least five groups have contacted me and my office, saying these issues apply across the board. I have no doubt that they do, and I will be happy to work with them and the Minister to try to see whether we can find a strategy that works. It is very important, and it is life-saving.

10.53 pm

The Minister of State, Department of Health (Mr Paul Burstow): May I start by thanking the hon. Member for Blaydon (Mr. Anderson) for taking the initiative in bidding for the debate and for securing it this evening? He has raised some very important issues on behalf of both constituents and the muscular dystrophy movement.

I know the hon. Gentleman has a very strong personal interest in this issue and I was delighted to attend the event in the House that he organised last week when he launched the report he has described this evening. I was sorry not to have been able to be present when he delivered it, but he rightly set it out in great detail this evening.

While I was at the event, I met a number of families who had been affected by muscular dystrophy and heard about some of the difficulties they have faced, and the hon. Gentleman has talked tonight about some of the very powerful testimonies set out in the report, which make compelling reading. The conversations I had with people at the reception left me in no doubt that wheelchair services is an area that really does require improvement: real improvement in how wheelchair services are commissioned and delivered, and real improvement in extending personalisation to wheelchair services, where there is still far too much off-the-shelf or "like it or lump it" provision. I hope that my responses and remarks will reassure the hon. Gentleman and the Members on both sides of the House who have stayed for the debate that the Department of Health and I take the issues seriously and that we want to make good progress.

I am keen that we take on board the observations that the hon. Gentleman set out tonight, which are contained in his report. I certainly welcome the work done on commissioning and writing the Walton report. He may be aware that there is already an advisory group looking at wheelchair services, involving service users, representatives from the NHS and local government, clinicians and

third sector organisations. It would be very helpful indeed if a representative from the muscular dystrophy campaign was involved with the group and, through the debate, I extend an invitation to that organisation to take part. I also invite the hon. Gentleman and members of his all-party group to meet the chairman of the advisory group, David Colin-Thomé, to discuss specific issues arising from the report, with a view to holding a meeting with me to discuss how we take matters forward.

I certainly agree that there is a great deal in what the hon. Gentleman said. We can see from the reviews carried out over recent years that there has been tangible improvement, but—an important but—as the hon. Gentleman outlined, it has been extremely limited. The experience for many people is a poor one. The service is characterised by long waiting times. As we have heard, it is quite common for people to wait months for a wheelchair, and not uncommon for them to wait years for a powered wheelchair. That really affects outcomes for people. It poses particular problems for children whose needs change as they grow, and for those with progressive conditions such as muscular dystrophy or motor neurone disease, whose needs can change very rapidly. The service is also characterised by considerable regional variation—in assessments, procurement, and choice for the individual. Quite simply, that is unacceptable.

The majority of wheelchair services are provided by the national health service, and should be subject to consistent, national standards, applied by local commissioners to the needs of individual populations. I think the hon. Gentleman and I agree on the diagnosis, but we might disagree about the best way to effect a cure.

The hon. Gentleman suggested that we should ring-fence wheelchair funding and introduce a new target on waiting times. However, we are already performing the biggest ring-fence possible. By providing real-terms increases in NHS budgets for the duration of the Parliament, we are protecting all health services, including wheelchair services, at a time of unprecedented spending restraint; yet even with that protection, the NHS faces a stark challenge as the population ages and lives longer, and the increasing costs of treatment squeeze health budgets. That demands greater efficiency and cost-effectiveness across the whole of the health service.

If the NHS is to meet that challenge, local organisations must have the freedom to allocate funds in the best interests of their local communities. In that sense, I am afraid that proposals for a new ring fence and centralised targets swim against the tide. The Government strongly believe that we need less Whitehall control, not more; we need to liberate the NHS and ensure higher standards for patients.

In the case of wheelchair services, a ring-fenced budget could have the opposite effect. By extending autonomy for the local NHS, a ring-fenced budget could effectively cap resources, and cap the amount a trust spends on wheelchairs, rather than allowing commissioners to make a judgment, informed by local need, about what should be spent on those services. Furthermore, ring-fencing could result in services that fail to improve, and we need to make sure that does not happen.

With greater freedoms come greater responsibilities for the local NHS. We want to strengthen both the patient and the clinical voice, so that patients, general practitioners, consultants and other clinicians, rather than layers of NHS management, call the shots and control the way services work. We will strengthen accountability and transparency so that the public can hold the local NHS properly to account for the decisions it makes, and poor performance can be properly challenged across the country.

We need to address a number of issues and the hon. Gentleman has touched on several of them. First and foremost, commissioning has to improve. The fact that wheelchair services account for only a small proportion of local budgets means that they have been neglected by too many. Good assessment of local need is rare, performance information is patchy and procurement is often left to individual wheelchair service managers.

Furthermore, higher costs due to rising demand and improving technology have not been properly reflected in many local budget allocations for wheelchair services. As a result, service managers have tended to focus on purchasing the right volume of wheelchairs for their communities, but not necessarily the right kind of wheelchairs for individual clinical needs. That gives rise to some shocking examples of the sort that the hon. Gentleman mentions.

Mr Anderson: I thank the Minister for his studied reply. One of the things that came to me was the fact that the spending that is put aside averages £2,000 per chair, but people want probably five or six times that amount for a chair that really meets their needs. Although I take on board the resources issue, it is pointless people saying that they can commission a number of chairs if, as he says, they are not worth having.

Mr Burstow: I take the point, but if one caps a budget, the danger is that the likelihood of rationing the service increases even further. We want to ensure that the services are tailored to local needs, but there are clearly some quite unacceptable performances around the country in how the service is being delivered at the moment.

On a related point, there are several funding streams for wheelchair services, and that is rather confused and confusing. Alongside NHS provision for wheelchairs, they can also be supplied through local children's trusts and Jobcentre Plus, so there is duplication and inefficiency in the system, not to mention problems for service users in terms of understanding where their entitlement might lie. Indeed, in preparing for this debate, my jaw nearly hit the floor when I read that 57% of wheelchair budgets currently go on back-office costs. Fifty-seven pence in every pound that the taxpayer puts into these services fails to reach the front line at the moment. That is not acceptable; it is not a good way to use our taxpayer-funded resources for the health service. In these financially straitened times, it is clear that we have to make the available funding work much harder than that, and we can achieve much greater efficiency and a much better quality of service by encouraging a more co-ordinated system of assessment and provision across the Government. For example, there is a good argument for managing procurement regionally, not locally, so we can benefit from the economies of scale that that would provide.

It is also important that commissioning is sufficiently flexible to accommodate those who wish to use personal health budgets to purchase wheelchair services. I agree with the hon. Gentleman that more needs to be done to

[Mr Burstow]

ensure that commissioning and procurement processes work for those with the most specialised needs. I do not think that we have been bold enough in using third sector organisations, in the sense not that they are charities that hand out something that the state does not provide, but that they are good partners with the state to go the extra mile to deliver the sort of service that we need. Indeed, Whizz-Kidz has been mentioned in the debate, and there is a major success story in the partnership that that charity has formed with NHS London, local primary care trusts and local authorities to improve wheelchair services for children.

I want to encourage more of those innovative partnerships with the voluntary sector, so that we can start to make a difference by improving quality and efficiency in the system. For instance, we could usefully deploy the specialist skills of a social enterprise such as Whizz-Kidz as the main procurement body in a more co-ordinated regional system. That area needs further exploration across the NHS.

The Whizz-Kidz example demonstrates another important point: the picture is not entirely black. There are beacons of best practice in some parts of the country, and we need to learn more from them so that one area's best practice becomes common practice throughout the country.

I can announce tonight that the Government will be pursuing a pilot programme specifically to examine the commissioning of wheelchair and seating services. The work in the two regional sites that have been selected—the east of England and the south-west—will see PCTs, councils, NHS trusts and clinicians examining new ways of commissioning wheelchair services along the lines that I described. They will make recommendations for new models that will be underpinned by consistent approaches to eligibility and access, which could then be established across the country. I understand people's frustration and desire that this should happen quickly, which the hon. Gentleman articulated clearly. However, the big risk of rushing to a conclusion is that we will not arrive at the best possible solution. It is important that we work through solutions to develop a robust, evidence-based system.

The pilot programme is an important start on building up the comprehensive understanding that we need. It will help us to uncover the best ways of organising wheelchair services to meet people's individual needs, and it will sow the seeds for best practice to take root across the whole NHS. I hope that we can work with the hon. Gentleman and his all-party group to ensure that we achieve the tangible outcomes that we all want so that all people who need powered wheelchairs get the quality of life that they desire and can contribute to society in the way in which they want.

I thank the hon. Gentleman for initiating this helpful debate and look forward to seeing how we can take things forward in the future.

Question put and agreed to.

11.5 pm

House adjourned.

House of Commons

Tuesday 29 June 2010

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Cancer

1. **Lilian Greenwood** (Nottingham South) (Lab): What steps he is taking to improve rates of early detection of cancer. [4459]

The Secretary of State for Health (Mr Andrew Lansley): Late detection of cancer is one of several reasons why our cancer survival rates are below the European average. That is why we will focus on improving those outcomes and achieving better awareness of the signs and symptoms of cancer. These aims will be part of our future cancer strategy.

Lilian Greenwood: Over half the men who receive a testing kit under the national bowel cancer screening programme throw it away. What action is the Secretary of State taking to improve the take-up of screening, particularly by men, and what provision has he made within the NHS budget for the extra costs of increased take-up?

Mr Lansley: I am grateful to the hon. Lady for that question, and I have had the privilege of twice visiting the national bowel cancer screening programme at St Cross hospital in Rugby—it looks after people in parts of the midlands and the north-west—and indeed, I have visited the Preston royal infirmary, which deals with bowel cancer screening follow-up. As I said in my first reply, one of the things we aim to do is to increase awareness of the signs and symptoms of cancer. It is unfortunate that, as a recent study established, only 30% of the public had real awareness of what the symptoms of cancer would be, beyond a lump or a swelling. We have very high rates of bowel cancer, so it will be part of our future cancer strategy to increase awareness of those symptoms and to encourage men in particular to follow up on them.

Mr John Baron (Basildon and Billericay) (Con): The recent inquiry of the all-party parliamentary cancer group into cancer and equalities heard expert evidence to suggest that if people can survive the first year of cancer, their chances of surviving for five years are almost identical to the chances in the rest of Europe. Does the Secretary of State therefore believe that a one-year survival indicator is a good idea both for encouraging early diagnosis and for matching the survival rates of the best in Europe?

Mr Lansley: My hon. Friend makes an extremely good point. When we set out proposals for an outcomes framework, I hope that he and others will respond, because that is one of the ways in which we can best identify how late detection of cancer is leading to very poor levels of survival to one year. I hope that we can think about that as one of the quality indicators that we shall establish.

Diana R. Johnson (Kingston upon Hull North) (Lab): I welcome the Secretary of State to his new position and wish him well in his role. I understand that he is keeping the two-week target for seeing a cancer specialist, but abandoning the work that the Labour Government did on the one-week target for access to diagnostic testing. Professor Mike Richards stated in the annual cancer reform strategy that improving GP access to diagnostic tests is essential to the drive for early diagnosis of cancer. Can the Secretary of State spell out some of his current thinking on what the alternative would be if we no longer have the one-week target?

Mr Lansley: Let me make it clear to the hon. Lady and the House that only 40% of those diagnosed with cancer had actually gone through the two-week wait. Establishing a better awareness of symptoms and earlier presentation across the board is, as we have been discussing, important to achieve. I am afraid that the hon. Lady is wrong: I have not said that we are abandoning any of the cancer waiting-time targets at the moment, but that we have to be clear about what generally constitutes quality. For example, seeing a cancer specialist without having had prior diagnosis is often pointless, whereas getting early diagnosis is often a serious indicator of quality.

NHS Targets

2. **Derek Twigg** (Halton) (Lab): What assessment he has made of the effects on NHS waiting times of NHS targets in the last 10 years. [4460]

The Minister of State, Department of Health (Mr Simon Burns): Targets focused the NHS on bringing down waiting times, but also put process above clinical judgment and patient choice. Changing the way in which we manage waiting times will empower both patients and clinicians. NHS targets have dictated clinical priorities and harmed patient care. Focusing on long waits has meant less progress on reducing average waits than could otherwise have been achieved.

Derek Twigg: I noticed that in his answer the Minister did not say that any assessments had taken place. How many representations has he received from clinicians, people working in the NHS and the public demanding the removal of the 18-week target, for instance? Targeting is about making people better and getting them seen more quickly, so is not the real reason for dropping targets the fact that the Minister wants to undermine the NHS again?

Mr Burns: I am sorry, but the hon. Gentleman, for whom I have considerable respect, is just plain wrong. There have been a number of representations over the last seven weeks or so. In addition, as my right hon. Friend the Secretary of State and his shadow team went round the country over the past five years, they were constantly told by GPs and clinicians from hospital to hospital that politically motivated targets were distorting clinical decisions and patient care.

Mr Stephen Dorrell (Charnwood) (Con): Does my hon. Friend agree that by far the most important way of improving the service delivered by the NHS is to focus on the three key indicators of clinical outcomes, patient experience and value for money? Can he assure the House that the Government will pursue those, particularly against the background of increasingly scarce resources, in order to deliver the objective we all have: a better-quality NHS?

Mr Burns: I am extremely grateful to my right hon. Friend, who is absolutely right, and I can give him the categorical assurances he is seeking, but I would also like to add one more: we need information to empower patients, because if patients are going to be at the heart of the NHS they must have the information to take the decisions that are important to their health care.

Mr Speaker: Order. May I gently ask the Minister to face the House? I am sure that Opposition Members will want to see his face.

Andy Burnham (Leigh) (Lab): We do, Mr Speaker, very much; we want to see him squirm.

First, let me say that we welcome the Minister back to the Department of Health; he was a Minister in the Department 13 years ago. As I have said before, we trust that he finds the NHS in much better condition than when he left office. Last week we had an independent verdict on those 13 years. The independent and respected Commonwealth Fund said that the NHS was one of the best health care systems in the world, and, indeed, that it was top on efficiency: a ringing endorsement of Labour's stewardship of the national health service. That verdict reflects the huge progress on waiting times that has been made over those 13 years. So does not the abolition of the 18-week target, which the Minister announced last week, put all that progress at risk? Will he today give us a straight answer to this question: can he guarantee that waiting times will not rise, and that patients will still be treated within 18 weeks?

Mr Burns: I thank the right hon. Gentleman for the kind comments at the beginning of his remarks; things went downhill thereafter, but that is politics.

The right hon. Gentleman needs to understand that patients have to come first in a national health service, and the trouble with the approach he took was that he wanted politicians and bureaucrats to micro-manage it from the top down, rather than having a bottom-up system that listened to local people. One of the key aims is to ensure that people get the finest and best treatment possible, and I am afraid that his approach—a straitjacket of targets in certain areas—did not work then, and will not work now.

Andy Burnham: I shall take that as a no, because the Minister did not answer the question; he could not give that guarantee. He says that we must put people and patients first, yet at a stroke he has taken power away from patients and handed it back to the system, turning the clock back to the bad old days of the Tory NHS. Let me quote some comments by Jill Watts, chair of the NHS Partners Network, which represents private providers. In the *Financial Times* on 18 May, she is reported as saying the following about the loss of targets:

"Waiting times will go up and if people want a procedure they have a choice: they can wait or they can look to pay".

Is that not always the Tory choice on the NHS: wait or pay?

Mr Burns: The right hon. Gentleman is not right. We have not taken that attitude; we never have taken that attitude. We want to have a system whereby the health service is not in a straitjacket of targets that disrupt and distort clinical decisions. We want to empower clinicians and GPs to take decisions about who should be treated when according to their clinical judgment.

Andy Burnham: Waffle!

Mr Burns: It is not waffle. The right hon. Gentleman is clinging to an outdated philosophy, and he is in denial about the need to change it.

NHS Dentists (Chesterfield)

3. **Toby Perkins** (Chesterfield) (Lab): If he will take steps to increase the number of dentists providing NHS services in Chesterfield; and if he will make a statement. [4461]

The Parliamentary Under-Secretary of State for Health (Anne Milton): I assure the hon. Gentleman that the Government have committed to improving access to NHS dentistry, and the introduction of the new dental contract, focusing on achieving good dental health and increasing access to NHS dentistry, will be vital.

Toby Perkins: I thank the hon. Lady for her response. The Stubbing Road medical centre is a brand-new building in Chesterfield providing doctor services to people who are among the most deprived in Derbyshire. One floor there was also meant to provide dental services, but in the last week we have been told that that might not—indeed, that it will not—go ahead, although the primary care trust is paying the rent on the building and its new suite. Can the hon. Lady assure the people in the Rother ward who have been waiting so long for those services that the guarantee that everyone in Chesterfield will have access to an NHS dentist by March 2011 will remain in place?

Anne Milton: I cannot comment on the specific circumstances, but I would be happy to meet the hon. Gentleman if he would like. I must point out to him, however, that the number of people now seeing an NHS dentist remains lower than when the previous Government introduced the new contract in 2006. He mentions children, but there is no doubt that the inequalities in the oral health of children are scandalous.

Sir Paul Beresford (Mole Valley) (Con) *rose*—

Mr Speaker: Order. I hope that the hon. Gentleman will apply the ingenuity required to stay within the terms of a question relating to Chesterfield.

Sir Paul Beresford: Thank you, Mr Speaker. Given my declared interest, it was too great a temptation not to contribute.

Does my hon. Friend not agree that for dentists, the biggest disincentive to providing an NHS service in Chesterfield—and, in fact, in the rest of England too—is the contract that she just mentioned, with its targets, its "units of dental activity", its clawbacks and so on? Will she ensure that any new system that she introduces enables and encourages dentists to offer a choice between national health and private dentistry, thus encouraging those who have opted out to opt back in again?

Anne Milton: I thank my hon. Friend for his question—he speaks eloquently and with much knowledge on this subject—and for highlighting the perverse incentives in the contract. It is absolutely critical that we take those out of any new contract.

NHS Targets

4. **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): What steps he plans to take to implement the Government's proposals to end the target culture in the NHS. [4462]

The Secretary of State for Health (Mr Andrew Lansley): On Monday 21 June I published a revision to the NHS operating framework in which I removed the central management of three process targets that had no clinical justification. We will carry on focusing on quality and outcomes, getting rid of top-down process targets.

Dr Poulter: Does my right hon. Friend agree that meeting targets does not necessarily mean improving health care, and that the last Government were far too focused on the process of health care, rather than on improving the patient experience?

Mr Lansley: My hon. Friend is absolutely right. I was here just a few weeks ago, announcing a public inquiry into the events at Stafford general hospital. Of course, in that hospital the adherence to ticking the box on the four-hour target was one of the things that contributed to the most appalling care of patients. We have to focus on delivering proper care for patients—the right treatment at the right time in the right place—and delivering the best outcomes for them. We will focus on that—on quality—not on top-down process targets.

Chris Leslie (Nottingham East) (Lab/Co-op): Is it really true that the coalition Government are going to scrap the right for people to see their GP within 48 hours? If so, will the Secretary of State publicise that, so people know that the right has been reduced? If it is true, is he not just axing public service quality under the pretence of dealing with so-called bureaucracy?

Mr Lansley: It is astonishing—the Labour Government spent money trying to achieve the GP access target, and the hon. Gentleman might at least have recognised that the latest data, published two or three weeks ago, show that public satisfaction with access to their GPs, and the things that the Labour Government had been paying for, had actually gone down. A consequence of the 48-hour access target was that patients were unable to access their GPs more than 48 hours in advance. Is it not reasonable to expect GPs to be able to manage their own services in order to deliver better patient experience and outcomes across the board? I think we can reasonably expect that.

Nadine Dorries (Mid Bedfordshire) (Con): It has been reported today that historically speaking, as a result of targets, an obstetrician in a hospital could herself have a caesarean section but then have to refuse one to a patient, because of the pressures that targets put on the local NHS trust. Can the Secretary of State give us an assurance that any woman in the NHS who needs a caesarean section will have one, and that no targets will be imposed?

Mr Lansley: My hon. Friend is referring to World Health Organisation targets, which have not in themselves been applied within the NHS, and it certainly would not be my intention to impose such targets. I agree with the implication of her question, which is that a woman who needs a caesarean section should have access to one. I am also well aware that when a woman does not require a caesarean section we should seek, through a process of discussion and providing information, to avoid that wherever possible. Birth should be considered a normal event, rather than being subject to excessive medicalisation.

Low Vision

5. **Mrs Madeleine Moon** (Bridgend) (Lab): What his most recent assessment is of the adequacy of the level of support provided for people with low vision. [4463]

The Minister of State, Department of Health (Mr Paul Burstow): It is for primary care trusts and local authority social services departments to make decisions on commissioning, having assessed the evidence and needs in their areas, and taking account of standards and best practice.

Mrs Moon: Is the Minister aware of the excellent scheme in Wales that allows people with low vision to refer themselves to a high street optician or consulting ophthalmologist, and thus to have almost immediate access to the aids and support that they need? More than 87% of people are seen within two weeks under that scheme, whereas some areas in England have an 18-month waiting list, so will he examine the scheme to see whether it can be introduced in England?

Mr Burstow: I am grateful for that question. Obviously, the devolved Administrations are responsible for health care in their own areas, so we have an opportunity to learn lessons from each other. This Government will examine the evaluation of the scheme that the Welsh Administration are undertaking to see whether it provides any lessons for our system.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will the Minister say whether the money provided by the primary care trust is ring-fenced? Will he ensure that the time-sensitive nature of such conditions, especially wet and dry macular degeneration, will be taken into account across all the English PCTs?

Mr Burstow: We need to achieve that not by ring-fencing budgets but by making sure that clinicians can deliver clinically evidence-based practice so that those with age-related macular degeneration receive the treatments that they need. Ring-fencing is not the way to go; we need to ensure that local commissioners have access to the right evidence, are empowered by patients and listen to clinicians, in order to deliver the right services.

Cancer Surgeons

6. **Mary Macleod** (Brentford and Isleworth) (Con): What steps he plans to take to increase the level of expertise among cancer surgeons. [4464]

The Minister of State, Department of Health (Mr Paul Burstow): I thank the hon. Lady for her question—to which the answer is that we recognise the crucial importance of high-quality surgery in improving outcomes for cancer patients. Since 2003, cancer-related surgical training programmes have been developed when new technologies and procedures have proved that patients would benefit from their introduction. Through the national cancer action team we are supporting training in laparoscopic surgical procedures for colorectal cancer, and we will be introducing surgical training for lower rectal cancer.

Mary Macleod: As procedures for cancer surgery, including robotic surgery, are getting more and more complex, does my hon. Friend feel that there is a case for an earlier selection of specialism for surgeons, to ensure that the NHS maintains its reputation for clinical expertise and to influence positively cancer survival rates in the United Kingdom?

Mr Burstow: As I said in my original answer, we recognise the crucial importance of high-quality surgery. The hon. Lady has made the important point that we must equip our surgeons with the right skills to carry out highly complex and specialist procedures. That means that we must deliver specialised training for that purpose to our existing work force.

Mr David Hanson (Delyn) (Lab): Does the hon. Gentleman recognise that the 18% fall in the breast cancer rate between 1998 and 2008 was due not only to the expertise of cancer surgeons but to the target culture to which he is so opposed? What would he say to the 3,500 women who, because of those targets, did not die in 2008?

Mr Burstow: I imagine that that would be an answer the previous Government should be giving, and they should be sorry. [HON. MEMBERS: "What?"] The reality is that this Government are clear that we are sticking with the targets in relation to cancer, but we are also clear that we need to raise awareness of the signs and symptoms of cancer, and ensure that people present themselves at an earlier stage and get access to the appropriate diagnosis, so that they get the right treatment.

Mr Dennis Skinner (Bolsover) (Lab): He'll be the first one to get the sack.

Healthy Eating

7. **Kate Green** (Stretford and Urmston) (Lab): What steps he is taking to encourage healthy eating. [4465]

The Parliamentary Under-Secretary of State for Health (Anne Milton): I thank the hon. Lady for her question. May I correct the hon. Member for Bolsover (Mr Skinner), who suggested from a sedentary position that one of us might be getting the sack, by saying that I doubt it, because it is the previous Government who have just got the sack? In answer to the hon. Lady's question, I say that there is no doubt that anything that the Government do must have a strong evidence base. It is for individuals to take responsibility for their health, and that includes healthy eating. However, the Government can help people make better choices—for example, by providing information, advice and so on.

Kate Green: I am little disappointed in that answer. Maternal nutrition before and during pregnancy is essential to the birth of a healthy baby. The Joseph Rowntree Foundation has shown that a healthy diet costs a minimum of £43 a week. A young woman on jobseeker's allowance receives only £51.85 a week, so can the Minister explain what she will do to ensure that young women on such low incomes can choose a healthy diet?

Anne Milton: I am sorry that the hon. Lady was disappointed. Clearly, she does not feel that the Government should take a strong evidence-based approach to public health. I should point out to her that although life expectancy has increased, the gap between the rich and the poor has widened. If we look at the difference between spearhead areas and the country as a whole, we can see that the gap went up by 7% for men and 14% for women. We are determined to reverse that.

Greg Mulholland (Leeds North West) (LD): Will the Minister join me in condemning the vote in the European Parliament not to back the traffic light system of food labelling, which is the clearest way of communicating nutritional messages? That followed a lot of lobbying by companies such as PepsiCo, Tesco and Kellogg's. What will she do in terms of speaking to European colleagues to get that important scheme back on the agenda?

Anne Milton: Again, the hon. Gentleman raises the point that anything we do must have a strong evidence base. We are considering a number of schemes at the moment. What is important is that people have the information on the pack of food that they buy, so that they can make good choices about what they eat.

Mary Creagh (Wakefield) (Lab): Last week's Budget scrapped the health in pregnancy grant, which helps all pregnant women to eat healthily in the final 12 weeks of their pregnancy. The previous week, the Government scrapped the free school meals pilot for 500,000 children, thrusting 50,000 children back under the poverty line. They have also scrapped free swimming for under-16s and pensioners just as the long summer holidays begin. Is that not the most extraordinary start for a Government who promised to rename the Department of Health the "Department of Public Health"? With so many broken promises in their first seven weeks, how can we trust a word that they say about public health?

Anne Milton: The hon. Lady and I have exchanged niceties in a slightly calmer atmosphere in another setting. I find it staggering that Opposition Members

cannot understand that what matters is not what we spend but how effective that spending is. They simply cannot understand it. In fact, Labour has said that it would cut the NHS, whereas we have said that we will not. The sick must not pay for Labour's debt crisis. We did not get us into this mess, but I would point out to the hon. Lady that everything that we do must be based on evidence. It is not what you spend, but what you spend it on, that matters.

Community Hospital (Eltham)

8. **Clive Efford** (Eltham) (Lab): What recent representations he has received on the new community hospital for Eltham; and if he will make a statement. [4466]

The Minister of State, Department of Health (Mr Simon Burns): The Department of Health is in contact with strategic health authorities regarding ongoing community hospital programme funding. This includes contact with the London SHA for Eltham and Mottingham community hospital and other schemes in the region.

Clive Efford: I am grateful for that answer, as far as it went—but there is a great deal of expectation in the community in Eltham that that project will be delivered. It has been in the pipeline for quite some time and will provide 40 respite beds, diagnostics such as blood tests and X-rays and, I hope, dialysis at a local level, as well as a GP-led walk-in urgent care centre. May I urge the Minister to revisit the project, and when I ask a future question, to come back with a better answer?

Mr Burns: I am a bit perplexed by the hon. Gentleman's comments, because I have answered the specific narrow question that he asked—but let me try to cheer him up, if I can. We understand that he has been a redoubtable campaigner for the hospital, and we support the principle of community hospitals. The Department, as the hon. Gentleman knows, allocated £4.58 million to help the community hospital in Eltham and has already given about £1.9 million to NHS Greenwich, the primary care trust, for it. I hope that the hon. Gentleman will not have to come back to me with another question, because I trust that I am now going to cheer him up: I can announce today that the balance of the money will be paid and made available during the current financial year.

Mr David Evennett (Bexleyheath and Crayford) (Con): I congratulate my hon. Friend on that announcement, which will bring considerable pleasure to people in south-east London. He is well aware that proposals are being made within our area of south-east London to reorganise health provision, which are causing considerable concern. Will he ensure that vital services are maintained in our area for patients?

Mr Burns: I am grateful to my hon. Friend. As he rightly says, I am aware of the situation. As he will be aware, we believe that local people, local clinicians and local GPs should have an input into any reconfiguration of health care provision. As my right hon. Friend the Secretary of State said when he announced the changes to the criteria, there will be an assessment of whether they apply to the reconfiguration to which my hon. Friend refers. Once that has been done and decisions have been reached, we will be able to move forward in the proper way.

Alcohol Health Warnings

9. **Jim McGovern** (Dundee West) (Lab): What plans his Department has for health warnings on labels of alcoholic drinks. [4467]

10. **Nia Griffith** (Llanelli) (Lab): What plans his Department has for health warnings on labels of alcoholic drinks. [4468]

The Parliamentary Under-Secretary of State for Health (Anne Milton): A public consultation on options for improving health information on the labels of alcoholic drinks closed on 31 May. The responses to that exercise are now being analysed, and we will set out our plans for next steps through announcements in the coming months.

Jim McGovern: I welcome all those on the Government Front Bench to their new posts. The tobacco health warning regime introduced by the previous Government has produced excellent results in improving the health of our citizens. Does the Minister believe that a parallel scheme for alcohol would achieve similar progress and benefits?

Anne Milton: I thank the hon. Gentleman for his warm words of welcome. It is important to note that sometimes such warnings are not transferrable between products. As he rightly says, there have been a number of initiatives on smoking that have, without doubt, had an impact on the number of people who smoke and the number who have given up. Whether those are transferrable to alcohol we do not yet know, but we will be looking at all the evidence available.

Nia Griffith: The Minister will be aware of a recent Alcohol Concern report that points out that a minimum alcohol price of 50p a unit would cost a moderate drinker only about 23p a week, but would reduce alcohol-related illness significantly, and would save the NHS millions. What discussions has she had with colleagues in other Departments about such a minimum price?

Anne Milton: We have had a number of conversations about all aspects of alcohol policy, and what to do about the 7% of hospital admissions that are due to alcohol and the £2.7 billion cost—some estimates put it much higher, at about £5 billion—to the NHS. Without doubt, we have to change the public's relationship with alcohol. We are committed to a ban on selling below-cost alcohol, which is important—but it is also important not to disfranchise responsible drinkers, as plenty of people enjoy alcohol responsibly. What we have to do is stop irresponsible drinking and protect people's health.

Mr Don Foster (Bath) (LD): I thank the Minister for that answer. She will recognise the problems that binge drinking causes our health service, our police and our local communities. I am delighted that she has recognised that there has been an agreement to ban the sale of alcohol at below cost price, but will she assure us that the Government are taking this issue seriously, and that we will hear an early announcement?

Anne Milton: The hon. Gentleman is right; this is a cross-departmental issue. This is not just about health; it is important for local government as well. We need a multi-faceted approach. As I have said, we will look at all the evidence to see what works, and to make those changes not only in law and order, as he pointed out, but in people's health.

Caroline Flint (Don Valley) (Lab): There are cross-references between the labelling on alcohol and on other products, and the evidence clearly shows that with food labelling, the public find colour-coded, front-of-pack labelling far easier to understand. What has the Minister learned from that, and will her Department, with other Departments, seek an opt-out for retailers that want to continue, voluntarily, with front-of-pack colour-coding on their products?

Anne Milton: It is important not to pre-empt the consultation that has already gone on, and to collect all the evidence together. To find out the best method for getting that information to the public in a way that they find accessible, we have to look at what works.

NHS Decision Making

11. **Mr Dominic Raab** (Esher and Walton) (Con): What steps his Department is taking to increase participation by local people in NHS decision making. [4469]

The Secretary of State for Health (Mr Andrew Lansley): I have stopped top-down reconfigurations where the NHS has not listened to local people. Our coalition agreement is clear that we will give patients more control over their own health care, and give patients and the public a stronger voice in the design of local health and care services.

Mr Raab: NHS managers have justified cuts in community hospitals in Walton, Cobham, Molesey and other parts of the country on efficiency grounds, but in 2009, because of targets, almost 1 million patients were discharged and then readmitted within 30 days, at a cost of £1.6 billion. What plans has the Secretary of State to strengthen local democratic control over community hospitals and the vital services that they provide?

Mr Lansley: My hon. Friend has raised an important issue. Let me make two points. First, we need to strengthen not only the local public and patient voice but the voices of GPs who are involved in commissioning, so that they can act on behalf of their patient population in commissioning the services, and design of services, that they need. Secondly, as I have made clear in the revision of the operating framework, we must look at results. When someone goes into hospital for treatment, we must consider not just their treatment in the hospital, but their subsequent rehabilitation and re-ablement. I believe that that will allow greater use of intermediate care beds in the way that my hon. Friend has described.

Hazel Blears (Salford and Eccles) (Lab): I thank the Secretary of State for agreeing to meet me—together with representatives of my local primary care trusts, local mums and midwives—to discuss maternity services in Salford. In the light of his new criteria for reconfigurations, will he confirm that he is prepared to reconsider the decision to close Salford's maternity services, and to recognise the views of thousands of people throughout Salford and Eccles, including me, who opposed it at the time?

Mr Lansley: The right hon. Lady knows that we will meet to discuss the issue. However, as I said when I was in Greater Manchester, it is not for me to reconsider the application of the new criteria from 21 May. That is for local people to reconsider. It is for GPs, the public, local authorities and, indeed, PCTs in Salford and district to start thinking about what they consider to be viable and successful future services for mothers-to-be.

Mr Edward Timpson (Crewe and Nantwich) (Con): In helping local people to become more involved in NHS decision making, will my right hon. Friend agree to consider my Ambulance Response Times (Local Reporting) Bill, which received its Second Reading during the last Parliament? The Bill requires all ambulance trusts to publish local as well as regional response times and patient outcomes so that—as is already the case in Crewe and Nantwich—they have access to those details and can deliver better response times, with the help of local initiatives such as Community First Responders.

Mr Lansley: Yes, we will consider that.

Waiting Times

12. **Paul Goggins** (Wythenshawe and Sale East) (Lab): What his policy is on maximum waiting times in accident and emergency departments; and if he will make a statement. [4470]

The Secretary of State for Health (Mr Andrew Lansley): From April 2011, the accident and emergency four-hour waiting time standard will be replaced by a set of clinical quality standards, developed with clinicians, which will support quality care without the damaging distortion of the four-hour tick-box target. On the basis of clinical advice, I have immediately reduced the threshold for meeting the four-hour standard from 98% to 95%.

Paul Goggins: I am sure that the Secretary of State will want to join me in congratulating the staff at Wythenshawe hospital in my constituency. Last year 85,000 patients were seen in the accident and emergency department, 98% of them within four hours. Can the Secretary of State explain to my constituents why he has decided that this year 4,500 of those patients will not need to be seen within that time?

Mr Lansley: As I told the right hon. Gentleman, I made that decision on the basis of clinical advice. It was clear that the 98% standard was distorting clinical care for patients. There is no benefit for patients if, for the purpose of meeting a four-hour target, they are discharged inappropriately, transferred to wards when they have not been thoroughly looked after in the accident and emergency department, or indeed put in an observation ward for 48 hours, which is under the scrutiny of the accident and emergency department but ticks the box. None of that helps patients. I will focus on what is actually in the best interests of patients, and delivers the right outcomes for them.

Cigarette Packaging

13. **Phil Wilson** (Sedgefield) (Lab): What assessment he has made of the effects on public health of plain packaging of cigarettes. [4471]

The Parliamentary Under-Secretary of State for Health (Anne Milton): Evidence of the impact on public health of plain packaging of tobacco needs to be developed further, because no jurisdiction globally has yet introduced it. However, Australia will do so from 2012. We will monitor developments there with considerable interest.

Phil Wilson: Smoking costs the NHS £2.7 billion a year, six times the cost of a new hospital for north Tees and Hartlepool. In the north-east, approximately 10,000 children between the ages of 11 and 15 are smoking. We want all of them, not just half of them, to lead a fulfilled life. Will the Minister ensure that the assessment of plain packaging is expedited, so that we can be given an answer as soon as possible?

Anne Milton: The hon. Gentleman is right to raise the impact that smoking still has on the health of children in particular—I believe that 200,000 take up smoking each year. We still have 80,000 smoking-related deaths in this country. It is important to watch what happens in Australia and see where the evidence points for the future.

Autism

14. **Vernon Coaker** (Gedling) (Lab): What his policy is on provision of healthcare services to those with autism. [4472]

The Minister of State, Department of Health (Mr Paul Burstow): We are committed to addressing the health care needs of people with autism and are fully supportive of "Fulfilling and rewarding lives: the strategy for adults with autism in England". Consultation on statutory guidance for health and social care bodies to support the strategy will begin shortly.

Vernon Coaker: May I thank the Minister for that reply? We have all been inspired by the parents of children with autism. One thing that they depend on perhaps more than anything is respite care. That provision has improved in the past few years, but with the pressure on budgets, will the Minister do all he can to ensure that respite care does not become an easy target for cuts, given the importance of the service to parents of children with autism?

Mr Burstow: I am very grateful to the hon. Gentleman for that question. He is right; carers are a valuable and valued resource. They make an incredible difference to the quality of life of the people for whom they care. The Government are determined, as we have outlined in the coalition programme for government, to develop respite services further and make them available through direct payments for those people.

Paul Maynard (Blackpool North and Cleveleys) (Con): Given the success of central Government in persuading child and adolescent mental health services to take the needs of those with learning difficulties more seriously, will the Minister commit to doing the same for those with autism, given that only 11% of CAMHS have specialist provision? Will he make a commitment to do the same thing for those with autism, please?

Mr Burstow: The hon. Gentleman makes an excellent point. We shall be getting some guidance from the National Institute for Health and Clinical Excellence in a year's time, and absolutely the answer is yes.

Barbara Keeley (Worsley and Eccles South) (Lab): May I congratulate the Minister on his new role. As my hon. Friend the Member for Gedling (Vernon Coaker) mentioned, carers of people with autism rely on respite care. However, carers organisations are reporting that cuts to local authority funding are already leading to cuts in funding for charities and other providers of support care. How do the Government plan to deliver the promised increase in access to respite care through improved community support provision, when that is already starting to fall away?

Mr Burstow: The hon. Lady makes an important point, but perhaps she will be a little cautious with her question, not least because the previous Government made a lot of promises to carers in respect of the amounts of money that were to be invested, only for carers to find that on the ground the money was not delivering changes in services. So this Government are determined to ensure that we not only make promises but deliver on them. That is the commitment that this Government have made.

Warrington Hospital

15. **Helen Jones** (Warrington North) (Lab): What percentage of patients at Warrington Hospital were treated within 18 weeks of referral in the last 12 months for which figures are available. [4473]

The Minister of State, Department of Health (Mr Simon Burns): At the Warrington and Halton Hospitals NHS Foundation Trust, in the 12 months up to April 2010, 93.2% of patients admitted to hospital for treatment and 97.8% of patients whose treatment did not require admission to hospital waited 18 weeks or less from referral.

Helen Jones: I am grateful to the Minister for that reply. What percentage of patients does the Minister now believe will be treated within 18 weeks, and which people exactly does he think deserve to wait longer than that?

Mr Burns: May I reassure the hon. Lady that in my lexicon no one "deserves" to wait longer. What I want, and my right hon. and hon. Friends want, is a first-class health service that makes decisions based on clinical reasoning and gives treatment swiftly and relevantly to those who need it. My right hon. Friend the Secretary of State has made some changes to some of the targets to ensure that clinicians and clinical decisions dominate, not political decisions by politicians and bureaucrats.

Long-term Care

16. **Stephen Twigg** (Liverpool, West Derby) (Lab/Co-op): What progress he has made on establishing his proposed commission on funding long-term care; and if he will make a statement. [4474]

The Minister of State, Department of Health (Mr Paul Burstow): The coalition agreement sets out our plans to establish an independent commission, which will consider how we ensure responsible and sustainable funding for long-term care. Further details on the commission will be announced shortly.

Stephen Twigg: I am grateful to the Minister for his response. Can he assure us that when the commission is established it will consider all options for funding long-term care, including a compulsory inheritance levy?

Mr Burstow: The Government's intention is not to fetter the commission but to allow it to do its job.

NICE

17. **Philip Davies** (Shipley) (Con): What recent representations he has received on the appropriateness of the remit of the National Institute for Health and Clinical Excellence; and if he will make a statement. [4475]

The Secretary of State for Health (Mr Andrew Lansley): Since 7 May, the Department has received about 120 representations from hon. Members, noble Lords and members of the public on a range of issues concerning the National Institute for Health and Clinical Excellence, including its remit.

Philip Davies: May I urge the Secretary of State to get NICE to go back to what most people think it is for, which is monitoring the cost-effectiveness and clinical effectiveness of drugs? Many people do not think that it does a particularly good job on that, anyway, but it is currently indulging in empire building, with its ridiculous drivel in recent weeks about smoking breath tests for pregnant women, compulsory sex education for five-year-olds and subsidies for food companies to make healthier food. Surely it ought to go back to what it should be doing, and do it better, rather than empire building, as it is doing.

Mr Lansley: In 2005 the previous Government charged NICE with producing public health guidance as part of its work. As I establish a more integrated and effective public health service, I shall consider how the advice of NICE fits into that strategic framework.

Topical Questions

T1. [4484] **Mike Gapes** (Ilford South) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Mr Andrew Lansley): My responsibility is to lead the NHS in delivering improving health outcomes in England; to lead a public health service that improves the nation's health and reduces health inequalities; and to lead the reform of adult social care that supports and protects vulnerable people.

Mike Gapes: When the new Secretary of State intervened to stop the reorganisation of health services in London, he said that there would be no forced closures. Can he give me an unambiguous and categorical assurance that he will not allow the closure of the accident and emergency department, the children's surgery or the maternity services at King George hospital in Ilford? Yes or no?

Mr Lansley: The hon. Gentleman's question seems rather churlish, given that he wanted to stop the top-down configuration that NHS London imposed so that people in his area—GPs, the local authority, local people and patients—could have an opportunity themselves to decide how services might best be designed for local people. That is the pledge that I have made. Those criteria will enable that process to be led locally, rather than imposed and forced on people.

T4. [4487] **Lorraine Fullbrook** (South Ribble) (Con): St Catherine's hospice is used by many of my constituents, and they will be pleased to be able to go ahead with the hospice's planned improvements, which will be funded through the capital grants programme. Does the Secretary of State agree, however, that the excellent work of such hospices goes far beyond the hospice building? What will his Department do to ensure that hospices play a greater role in providing services to the local community?

Mr Lansley: I am very grateful to my hon. Friend, who will know that I entirely understand and applaud the work of St Catherine's hospice, because we have visited it together. She makes a very important point, because those whom I know in the hospice movement want to think not just about the service that they provide in their buildings, but about an holistic service for patients' families and for those who require palliative care. I might just say that on Saturday I made it clear that up to £30 million will be available in this financial year to support children's hospices, specifically, in extending their work so that they can provide a service in the community for children with life-limiting illnesses.

Andy Burnham (Leigh) (Lab): The right hon. Gentleman will remember our exchanges at the election hustings, where there was a real difference between us: we said that we would protect the NHS budget in real terms, and I stand by that commitment; the right hon. Gentleman said that he would increase the NHS budget. After last week's Budget, however, we now know the price of that commitment: 25% cuts to social care will mean vulnerable people either left without the support that they need or facing higher charges to pay for care, and huge pressure on carers. It means also that the NHS itself stops working, because it cannot discharge people from hospital when there is no support in the community. That unbalanced approach to public spending is dangerous and will decimate services on which the NHS depends. Is it not time to drop a pledge that had more to do with votes and nothing to do with people's lives?

Mr Lansley: So there we have it, Secretary of State. [HON. MEMBERS: "Secretary of State?"] I meant "Mr Speaker"—you are far more elevated than a Secretary of State, Mr Speaker.

The shadow Secretary of State's belief is that the NHS budget should be cut. I fail to see how that could help social care. We are going to look much more positively at how we can join up the work of the NHS and social care. What my colleagues and I have announced on 30-day support for patients leaving hospital, including

rehabilitation and re-ablement, will do precisely that, relieving some of the pressures on social care by seeing the NHS as a more holistic service for patients.

T5. [4488] **Dr Julian Huppert** (Cambridge) (LD): Does the Secretary of State accept the conclusions of the Science and Technology Committee's report "Evidence Check 2: Homeopathy"? Earlier, the Under-Secretary of State for Health, the hon. Member for Guildford (Anne Milton) gave a commitment to an evidence-based approach and today the British Medical Association passed a motion about homeopathy. Given the financial constraints in which we all share, can the Secretary of State defend spending millions of pounds of NHS money on methods that simply do not work?

The Parliamentary Under-Secretary of State for Health (Anne Milton): I thank the hon. Gentleman for his question. He obviously knows how much is spent on homeopathic treatments, although no one else seems to know exactly. The decisions should be taken by doctors locally, and the effectiveness, safety and efficacy of a treatment should be taken into account. The estimate is that 0.001% of the drugs bill is currently spent on such treatments. At present, we are looking at the Science and Technology Committee's report. We hope to respond to it before the summer recess.

T2. [4485] **Toby Perkins** (Chesterfield) (Lab): My right hon. Friend the shadow Secretary of State referred to the Commonwealth Fund report, which said that Britain's NHS was the most efficient. Does that not make it clear that after 13 years of a Labour Government, the NHS is not just so much better for patients, but efficient? To say that it is not is an insult to the people who have worked so hard to make it great.

Mr Lansley: I have looked at the reports of the Commonwealth Fund for a number of years; it regards the NHS as efficient because it spends relatively little in comparison with other health economies. In this country, we need to recognise that the NHS does not spend very much in comparison with other countries but it could spend it more efficiently. There has been declining productivity for 10 years. *[Interruption.]* The shadow Secretary of State needs to recognise that NHS management costs went up by 63% while nursing costs went up by just 27%. My colleagues and I are committed to halving NHS management costs and to reducing the costs of the NHS, through efficiency, by £20 billion. Every penny of that will be reinvested in meeting the rising demand for the NHS and the improvements in quality that we require.

T7. [4490] **Duncan Hames** (Chippenham) (LD): What encouragement is the Secretary of State giving to primary care trusts to restore minor injury services to towns such as Melksham in my constituency? It saw its minor injuries unit close under the last Government.

The Minister of State, Department of Health (Mr Simon Burns): I am very grateful to the hon. Gentleman for that question. It is up to local communities and local health providers to identify what they believe are the local needs of their communities and then go through the procedures, measures and mechanisms to seek to achieve what they want—in this case, that could be a new A and E. It is not for Ministers to promise such provision; there are proper procedures, from the local area upwards, for achieving such aims.

Several hon. Members *rose—*

Mr Speaker: Order. I have just had Members complaining that they cannot hear. The Minister must face the House. It is a very simple point; I have made it to others and they have understood it.

Jim Shannon (Strangford) (DUP): One of the concerns of a great many of us recently has been the availability of cancer care drugs. *[Interruption.]* Right across—right across, Mr Speaker, the whole United Kingdom, and Northern Ireland in particular, a great many people have not been able to access cancer care drugs and have had to endure sickness and illness without them. Can the Secretary of State assure the House today that cancer care drugs will be made available and that those who are ill and suffering from cancer can rest easy?

Mr Lansley: We have been very clear that it is a scandal that we have some of the finest cancer research anywhere in the world and some of the best cancer medicines have been developed in this country, yet in the past in this country NHS patients have often been the last to have access to those drugs. That is why at the election we made it clear that we will introduce from April next year a cancer drugs fund, the purpose of which will be to ensure that patients get access through the NHS to the cancer medicines that they need, on clinical recommendation and advice, and that they are not unduly delayed in getting that access.

T9. [4492] **Julian Sturdy** (York Outer) (Con): I am sure that the Secretary of State will remember visiting my constituency earlier in the year and listening to constituents' concerns about the withdrawal of spinal injections on the NHS. Given that the PCT's decision is set to become another example of the postcode lottery in the health service, will his Department consider the ongoing debate about spinal injections in York and support the attempts of my constituents as they seek to shape local health services around their specific needs?

Mr Burns: I am a bit confused as to where to look. *[Interruption.]* Right, I will look forward.

My right hon. Friend the Secretary of State well remembers his visit in April to meet the York and District pain management support group. He made it plain at the time that it should be for GPs and their patients to decide what treatment should be given, as opposed to a decision by the PCT to veto spinal injections for all sufferers of long-term chronic back pain. We will, in due course, set out our proposals to put more power in the hands of patients and GPs.

T3. [4486] **Vernon Coaker** (Gedling) (Lab): Does the Minister agree that it is crucial for patients to have information if we are to make a reality of choice within the NHS? In that respect, does he agree that if we are to give people a real choice as regards the choose and book system that GPs operate, there is a need to ensure that patients have the information about the success rates of different hospitals, and different surgeons, as regards operations?

Mr Lansley: I agree with the hon. Gentleman—it is just that that did not happen under a Labour Government in the way that it should have done. For example, the

national quality registers in Sweden have 69 areas of clinical practice for which such comparative data are published. I have made it clear that one of our priorities is that we focus on outcomes and on giving patients real empowerment. To do that, information for patients on outcomes will be absolutely critical.

T10. [4493] **Dr John Pugh** (Southport) (LD): I have here a letter from my local PCT indicating that the clinical review of the safety of a proposed children's walk-in centre in Southport is to be conducted by Dr Sheila Shribman and the Minister's Department. Will the Minister arrange to meet me and relevant officials to ensure that the Department is properly aware of the background to this vital access issue and that we have a clinical network suitable for patients, as well as for practitioners?

Anne Milton: I thank the hon. Gentleman for that question, of which he gave our office prior warning. It is important that decisions made locally focus on outcomes for people, that they are about choice, that they have support from local clinicians and commissioners, and that they are based on sound clinical evidence. I would be happy to meet him to discuss this further.

T6. [4489] **Mrs Mary Glindon** (North Tyneside) (Lab): Every year in the north-east, 300 children are born with congenital heart disease. These very sick children receive expert treatment locally in the world-class cardiothoracic unit at Newcastle's Freeman hospital. Can the Minister assure my constituents, who value this vital local service, that the findings of Sir Ian Kennedy's review of children's heart surgery centres will be implemented without financial constraint?

Mr Lansley: I should tell the hon. Lady that it is premature to make any commitment about the review, because we now need to have proper engagement with local people, patients and those who are responsible to focus on how we can make absolutely certain that the outcomes that we achieve for children requiring cardiac surgery are as good as we can possibly make them.

Robert Halfon (Harlow) (Con): Will the Minister review the problem of highly priced patient lines and introduce competition so that patients in Harlow and elsewhere no longer pay extortionate prices to watch TV or make phone calls?

Mr Burns: I am extremely grateful to my hon. Friend for raising an issue that I know is of concern to many people. Although I cannot make promises about the outcome of any review, he has my assurance that we will be looking into this, and that we take on board the concerns that have been expressed over a number of years.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): The Secretary of State has halted the reconfiguration of services in south-east London, which was clinically led, the subject of detailed public consultation and approved by the reconfiguration panel. The outcome is to leave my PCT and hospital trust acutely troubled about their ability to deliver the improved health services that were promised under "A picture of health" and to meet their financial targets. What does that say about the Government's commitment to evidence-based policy making?

Mr Lansley: What we have done in London is to give those who would be most affected by decisions to reconfigure services the opportunity, where decisions have not already been made, to have a local say. That includes patients, the public and GP commissioners. The delay, in so far as there is any delay, need not be great if those proposals are fully subscribed to by local people and by their GPs as commissioners.

David Tredinnick (Bosworth) (Con): Would my right hon. Friend accept that there is widespread anecdotal evidence of the effectiveness of homeopathic medicines? There are 500 doctors in this country who use them, and nobody is obliged to have them if they do not want them. Will he therefore heavily discount the illiberal views of our hon. Friend the Member for Cambridge (Dr Huppert)?

Anne Milton: May I thank my hon. Friend for his question and pay tribute to him for his continued and persistent lobbying on this subject? I gather that he has been elected a member of the Select Committee on Health, so I welcome him to that position and I am sure that we will meet again at some point.

What is important is that decisions about treatment are made by clinicians, and they will base their decisions on the safety, efficacy, efficiency and outcomes that a particular treatment will provide.

Alex Cunningham (Stockton North) (Lab): The North Tees and Hartlepool NHS Foundation Trust believes that its strategy for one hospital to replace the North Tees and Hartlepool university hospitals is the right strategy, despite the project being dropped by the Government. Does the Minister accept that the trust's strategy to provide a new hospital and health facilities closer to communities to meet their health needs is correct, that the trust should be encouraged to press ahead with alternative funding models that could still deliver the new hospital, and that its members and the public at large can expect Government support to realise that strategy?

Mr Lansley: What I would look for is for the foundation trust to meet the criteria that I published on 21 May in relation to any reconfiguration of services that it proposes for its area. As a foundation trust, I would also expect that, having secured the freedoms associated with that status, it should not ask the Department of Health to meet the whole capital cost of whatever it proposes.

Speaker's Statement

3.32 pm

Mr Speaker: I will now announce the results of the election of members of the Backbench Business Committee. No ballot was required for the election of the following: Mr Peter Bone, Philip Davies, Jane Ellison, John Hemming and Mr Philip Hollobone.

In the ballot today, the votes cast for the candidates were as follows: Mr David Anderson, 99; Katy Clark, 57; and Alison Seabeck, 92. Mr David Anderson and Alison Seabeck are elected. I congratulate all those elected.

Points of Order

3.33 pm

Kevin Brennan (Cardiff West) (Lab): On a point of order, Mr Speaker. This morning we lost an hour and a half of valuable debating time in Westminster Hall on the issue of apprenticeships, when the hon. Member for Gloucester (Richard Graham), whom I informed that I would raise this point of order, did not turn up at the appointed time. Incidentally, the Minister for apprenticeships, the hon. Member for South Holland and The Deepings (Mr Hayes), was not present at the appointed time either, and the debate fell. To lose one Member might be considered unfortunate; to lose two seems like carelessness.

Is there anything that you can do, Mr Speaker, to reinstate the valuable time for that debate so that hon. Members such as myself who took time to prepare a speech can have the opportunity to deliver it to the House and have it recorded in *Hansard*? Could you also have a word with the Independent Parliamentary Standards Authority to see whether it will allow Conservative Members to claim for alarm clocks?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order and for giving me advance notice of it. I understand that Members are disappointed to have missed the opportunity to debate the national apprenticeship scheme. I have received a letter of profuse apology from the hon. Member for Gloucester (Richard Graham), which I appreciate and I think the House will appreciate.

The smooth conduct of business requires keeping to set times for the start of debates, and it is important that all Members grasp that at the outset and keep it in the forefront of their minds. It is perhaps an object lesson for all of us early on in the new Parliament. I note the request that the hon. Member for Cardiff West (Kevin Brennan) made for the matters in question to be aired on another occasion. I cannot commit at this point, but I hope that there will be another chance for those important matters to be debated in the House.

As the hon. Member for Gloucester is in the Chamber, I think we would be pleased to hear from him.

Richard Graham (Gloucester) (Con): Thank you, Mr Speaker. May I offer the hon. Member for Cardiff West (Kevin Brennan) and the House the same unreserved apology that I gave you earlier for my poor timekeeping this morning?

Mr Speaker: I am extremely grateful to the hon. Gentleman. I think that quite enough has been said. *[Interruption.]* Order. Members are getting ahead of me—or they think they are—but I know what I was thinking and they do not. They will now see what I was thinking, which is that it would be helpful for the House to hear from the hon. Member for South Holland and The Deepings (Mr Hayes), who is in his place. I know that he will be happy to comment.

The Minister of State, Department for Business, Innovation and Skills (Mr John Hayes): That was literally irresistible. Of course, I should have been in my place as well. I arrived as the sitting was suspended by the relevant

[Mr John Hayes]

member of the Panel of Chairs. I apologised to him then, and I have also dropped a note to you, Mr Speaker, as you know.

Mr Speaker: I am grateful to the Minister.

Ian Paisley (North Antrim) (DUP): On a point of order, Mr Speaker. I note that the particular bird has flown, but is it in order for a Member on the Front Bench to berate, scoff, scold and hiss at the Chair when a Member is trying to ask a question? Do you recognise that it is disrespectful to the House and the Chair, and, importantly, it also impedes a Member from asking a question and getting a sensible answer from the occupants of the Front Bench? Will the Speaker make it clear that his order covers not only Back Benchers but Front Benchers?

Mr Speaker: The hon. Gentleman is absolutely right about the last point. The writ of the Chair applies to all Members, irrespective of whether they sit on the Back or the Front Benches. On his particular point, I must say that nothing was recorded. I was focused at all times on the questions being asked, those seeking to ask them and Ministers answering them. However, respect for the Chair is important, and respect by one Member for another's right to be heard without interruption is extremely important. I hope that it will not be necessary in the course of the new Parliament and the new politics for that point to have to be made again from the Chair. I am grateful to the hon. Gentleman for highlighting an important matter.

Mrs Anne McGuire (Stirling) (Lab): On a point of order, Mr Speaker. Last week in the Budget statement, the Chancellor said:

> "Today there are some families receiving £104,000 a year in housing benefit. The cost of that single award is equivalent to the total income tax and national insurance paid by 16 working people on median incomes. It is clear that the system of housing benefit is in dire need of reform." [*Official Report*, 22 June 2010; Vol. 512, c. 174.]

In order to drill down into that—I promise I will get to the point of order in a second—I asked, with my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz), a parliamentary question of the Department for Work and Pensions. I had a reply today, which said:

> "The information requested is not available."

Has the Chancellor sought to rescind his statement about the £104,000 housing benefit? It has become common currency in the debate about reforming housing benefit, yet the Department tells me, as a Back Bencher, that the information is not available.

Mr Speaker: I thank the right hon. Lady for her point of order. I think that she is continuing a debate with some force, eloquence and insistence. She is an experienced Member and a distinguished former Minister, and the opportunity exists for her to table follow-up questions. I have a hunch that it will not be long before she avails herself of it.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Further to that point of order, Mr. Speaker.

Mr Speaker: Very well. I will take the hon. Gentleman on trust.

Mark Lazarowicz: My right hon. Friend the Member for Stirling (Mrs McGuire) referred to the question on that subject that was tabled in my name. In fact, I have tabled a written question today asking the Chancellor to give the evidential basis for the statement that he made in the Budget last week. Could you urge him to give a speedy answer to that question, in order to reassure the House that his assertions in the Budget speech were based on fact?

Mr Speaker: I do not think that it would be right for the hon. Gentleman to seek to draw me into these interesting exchanges. He has tabled a question, and an answer might be forthcoming. I note his reference to the importance of evidence, and I simply note in passing that we would be establishing a new precedent in the House if we were to regard it as mandatory for a Minister to provide evidence for the arguments that he or she was making.

Steve Rotheram (Liverpool, Walton) (Lab): On a point of order, Mr Speaker. Have you or your office been notified as to whether the Secretary of State for Culture, Olympics, Media and Sport will be coming to the House to apologise for the distress that his unacceptable comments about the Hillsborough disaster have caused to the families of the 96 who died, and to people right across the political and football divide?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order, and I understand the very strong feelings—including those of constituents—that will have motivated him to raise it. In response, I would say that the remarks complained of—which I am neither justifying nor condemning—were not made in the House, and that my clear understanding is that the Secretary of State has apologised for them. He has made a public apology, and the question of whether he seeks to make an apology or any other comment on the matter in the House is a matter for him. I am grateful to the hon. Member for Liverpool, Walton (Steve Rotheram) for raising the matter, and I hope that he feels that I have given him at least an informative response.

John Hemming (Birmingham, Yardley) (LD): On an earlier point of order, Mr Speaker. In the previous Parliament, the Procedure Select Committee decided to establish a process whereby hon. Members could approach the Committee if they were unhappy with the nature of the answers that they received to written questions. I understand that, in this Parliament, we will continue to offer such an opportunity for people to put their complaints to the Committee, once it has been created.

Mr Speaker: That is a useful contribution to the continuation of point of order exchanges.

Roberta Blackman-Woods (City of Durham) (Lab): On a point of order, Mr Speaker. I understand that important announcements have been made today on the abolition of the regional development agencies and the setting up of new local government structures to replace them. May I implore you, sir, to use your good

offices to press Ministers to make statements of that nature in the House first, so that they can be properly debated?

Mr Speaker: I can say to the hon. Lady that I am aware of concerns about this matter, and there will be an opportunity to explore it. On the procedural point that she raises, I am conscious of and looking into the matter. I hope that that is helpful.

Opposition Day

[2ND ALLOTTED DAY]

Local Government Financing

Mr Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister. To move the motion, I call Mr Grant Shapps—*[Interruption.]* I beg the hon. Gentleman's pardon; I apologise. I call Mr John Denham.

3.43 pm

Mr John Denham (Southampton, Itchen) (Lab): Force of habit, Mr Speaker.

I beg to move,

That this House regrets the decision of the Government to introduce £1.165 billion of cuts to local government funding in England in the current financial year; regrets the Liberal Democrat members of the Government supporting cuts they opposed during the general election campaign; notes the promise in the Coalition Agreement to "ensure that fairness is at the heart of those decisions so that all those most in need are protected"; regrets that this programme of cuts fails to meet this test of fairness, as they fall disproportionately on the hardest-pressed communities; notes with concern the principle set out by the Parliamentary Under-Secretary of State on 10 June that "those in greatest need ultimately bear the burden of paying off the debt"; condemns the failure of the Secretary of State to tell the House or local authorities where £504 million of cuts to funding will fall; further regrets the failure to consult local government on the allocation of the cuts; further notes with regret that the Government's further decisions on the Future Jobs Fund, housing and support for neighbourhood policing will weaken the ability of local councils to shape and deliver services in their areas; regrets the failure to make any progress on implementing the previous administration's commitment to Total Place, enabling local authorities to deliver real efficiency savings and contribute to reducing the deficit while protecting frontline services; and resolves that decisions affecting local government spending should be based on the principles of fairness, protection of frontline services and promotion of growth.

I was interested to hear the earlier exchanges about Ministers not turning up for debates. May I say how disappointed I am that the Secretary of State for Communities and Local Government has not bothered to turn up for this one? In 10 years as a Minister, I always respected the strong convention in the House that if a shadow Secretary of State chose to lead an Opposition day debate, the Secretary of State would respond. I am very disappointed that, on the first Opposition day debate on a Communities and Local Government topic, the Secretary of State could not be bothered to be here. The truth is, of course, that he is too scared to be here. He is too scared to explain the series of blunders that he has already made over these cuts. He is so scared of defending what he is doing that he prefers to treat the House with disdain. So we shall have to make do with the Minister for Housing, the right hon. Member for Welwyn Hatfield (Grant Shapps) instead.

I remember when my right hon. Friend the Member for Wentworth and Dearne (John Healey) and I insisted that building firms who took public money to build social housing should train apprentices. When they did so, the current Minister described it as ludicrous and counter-productive. We have all seen the minutes of his meeting with the Prime Minister's adviser on local government, the leader of Hammersmith and Fulham

[Mr John Denham]

council, at which it was agreed that it was a priority to raise rents in the social sector to equalise those between social housing and the private sector. So we know where he is coming from—he has got form.

Mr Andy Slaughter (Hammersmith) (Lab): I have something of an interest in what goes on in Hammersmith. I heard the Minister for Housing say from a sedentary position that he was not at that meeting. Perhaps he would like to clarify that, because my understanding is that he was not at the main part of the meeting, discussing the demolition of council estates and the ending of social tenancies—although he has learned the lesson and is now proposing to do just that—but he did get there for drinks and canapés at the end.

Mr Denham: My hon. Friend makes a good point. Indeed, he owes his re-election to the awareness of his constituents of exactly what the Tory agenda for local government was in his constituency. I will return to that point later.

Mr Stewart Jackson (Peterborough) (Con): While reflecting on the past, would the right hon. Gentleman like to apologise for the unprecedented situation that occurred when he was Secretary of State and his own permanent secretary disavowed the key policy of unitary status for various areas? The permanent secretary had so little faith in that policy that he went public with his view that it was a waste of public money.

Mr Denham: I am sure we all wish the former permanent secretary at my Department well in his new position as permanent secretary to the Scottish Government. I took the right decision on Norwich and Exeter, and I was right to back the desire of those cities to run their own affairs. It was a decision that I reached after many months of careful consideration, along with my right hon. Friend the Member for Wentworth and Dearne. I have to say that it was all too typical of this Government that, within two days of the new Government being formed, the Secretary of State—who talks about localism—decided to quash the aspirations of those councils to run their own affairs, in a timescale that meant that he could not possibly even have read the evidence that had been submitted by so many councils. I will return to the attitude of the Secretary of State in due course.

On 10 June, the Secretary of State announced £1.165 billion of cuts in local government spending in England in the current financial year. Because those cuts were so big, the Secretary of State should have come here to defend them. They were part of the £6 billion of cuts proposed by the Tories during the election. We opposed them as too early and too damaging to economic recovery. The Liberal Democrats also opposed them. As the right hon. Member for Eastleigh (Chris Huhne)—now a Liberal Democrat Cabinet member—said during the election campaign:

"If we took Tory advice and cut spending and raised taxes precipitately, growth would stop. Unemployment and benefit spending would rise further. Tax revenue would stall."

But now he has taken Tory advice, and he will be held to account for what happens.

Now the Lib Dems support these cuts, and their credibility as a progressive alternative to the Tories is shot to pieces. These are cuts that no local council had any chance to prepare for, coming as they do well into the financial year. As the Tory leader of West Berkshire council told us,

"This is unprecedented. We have never faced cuts in the middle of the year."

As the Tory leader of Telford said,

"this is money that we had planned to spend this year and will now have to be cut."

Toby Perkins (Chesterfield) (Lab): My right hon. Friend is right to be furious that the Secretary of State is not attending the debate. The Secretary of State seems to see himself as some sort of Conservative John Prescott. Does my right hon. Friend share my feeling that that fine gentleman would have been proud to stick up for his Department instead of letting it take the majority of the cuts, and would have come here to defend his decision rather than skulking off to the scene of former crimes?

Mr Denham: My hon. Friend makes a good point. Despite some apparent superficial similarities between the two gentlemen, one thing is clear: John Prescott never ran away from a debate or argument, unlike the Secretary of State—*[Interruption.]* I did not say he never ran away from a fight; I just said he never ran away from an argument.

The truth is that the cuts were not only made too fast, but made without consultation. There was no discussion with local councils about whether or how they could be made. The Local Government Association initially put out a press release welcoming the fact that it had been promised consultation, but ended up sending a desperate letter two weeks later saying, "Will you please tell us what's going on?" The cuts came ahead of the Budget, which sets out cuts of 25%, 30% or 35% to local council services.

Graham Stringer (Blackley and Broughton) (Lab): Does my right hon. Friend agree that the basis of the cuts is simply party political prejudice, which is why they were done so quickly? Otherwise, how could deprived Salford have twice the rate of cuts of affluent Trafford?

Mr Denham: My hon. Friend makes two important points, both of which I will deal with, about the unfairness of the cuts and the real agenda behind them. Of course the deficit needs to be tackled, and we set out our plans to reduce it by more than half over four years. That was a tough enough target, but the cuts now laid out go much further than we would have gone; they go much faster than we would have gone; and are being done in ways that we would not have chosen.

Joan Walley (Stoke-on-Trent North) (Lab): Does my right hon. Friend share my concern that the cuts will be felt disproportionately in heartland areas that have suffered a great decline in manufacturing, such as Stoke-on-Trent? I am particularly concerned about their impact on the Supporting People programme and the money providing care for people in the community. How can we plan for that?

Mr Denham: This is an important debate. The way in which the Secretary of State is handling these first cuts warns us all of what lies ahead and the unnecessary damage that will be done to the local services on which the people we represent rely. When he made his cuts, he had choices to make about how to make them—to make them fairly, or not to make them fairly. So let us remember the promises that the right-wing coalition made:

"We are all in this together. I am not going to balance the budget on the backs of the poor",

said the then shadow Chancellor, now the Chancellor of the Exchequer.

"Our core aim is to hard-wire fairness back into national life",

said the Deputy Prime Minister during the election campaign. The right-wing coalition document states that

"we will ensure that fairness is at the heart of these decisions so that all those most in need are protected."

So what did the Secretary of State do?

Let us take two boroughs next door to each other in the same conurbation. One is 15th in the deprivation index; the other 128th. One has 27,000 people on housing benefit; the other has 13,000. One has 11,000 unemployed people; the other has 8,000. One has an average weekly income £40 below the other. One is poor; the other comfortable. So what does "We are all in it together" mean? Which one gets the bigger cut under the right-wing coalition? The poor one, of course! Salford loses twice as much as Trafford. And that is not an isolated example. According to the Secretary of State's own figures, Newham, the sixth most deprived borough in the country, loses £4.6 million, while Richmond, the 309th most deprived borough, loses less than £1 million. In the Prime Minister's district council, there will be no cut. His county of Oxfordshire, which has a deprivation index of 10.85, gets a cut of 0.7%.

If we look at the Deputy Prime Minister's area, we see that Sheffield has a deprivation index of 27.8 and a 1% cut—perhaps the real price of coalition. As for the councils losing the highest proportion of the their income, they are in places that have been left behind—the Lancashire mill towns like Burnley, the ex-coalfield areas like Ashfield and the struggling seaside towns like Hastings. Among the metropolitan boroughs, it is the poorest that lose most. Why? Because it is what these Tories and Liberal Democrats believe in. As the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill)—who I see is not here to answer this debate either—said at oral questions with refreshing honesty:

"Those in greatest need ultimately bear the burden of paying off the debt".—[*Official Report*, 10 June 2010; Vol. 511, c. 450.]

The poor will pay most, and that is what this right-wing coalition is all about.

Andrew Percy (Brigg and Goole) (Con): The right hon. Gentleman cannot honestly defend the previous funding regime that saw authorities such as mine in East Riding receive hundreds of pounds less per pupil than those in neighbouring Hull. Is he suggesting that he wants to have cuts doled out to authorities that are already disproportionately doing badly out of the funding, which would mean deprived pupils in my area doing even worse than deprived pupils in neighbouring authorities?

Mr Denham: There is the true voice of the Tory shires. The truth is that the local government funding formula—widely debated, widely discussed, widely consulted on—does give a weighting towards those areas with the highest social need and the highest deprivation, because the challenge of delivering services in those areas and of bringing about the equality of outcomes that we should all seek is greatest there. I do defend that. I do defend programmes like the working neighbourhoods fund, which has been targeted by this coalition Government, and through which money has of course been spent in areas of higher worklessness. It is because of that that those areas saw more people coming off incapacity benefit as local authorities used that money to help get people off benefit and into work—something we hear so much cant about from Government Members. So I say to the hon. Gentleman, yes, I do defend that approach.

Clive Efford (Eltham) (Lab): Is my right hon. Friend aware that during the opening of yesterday's debate on the Budget, in an exchange about cutting benefit to the long-term unemployed who are seeking work, the Secretary of State for Work and Pensions referred to pensioners living in houses that were too big for them and that they were unable to look after. Does that not give away what is really behind these benefit changes—that the pensioners and the poorest in our communities are going to pay the price?

Mr Denham: That would fit with a Budget that increased VAT on everything pensioners buy with no attempt whatever to protect those pensioners from the increase in their living costs, so my hon. Friend indeed raises a good point.

Richard Burden (Birmingham, Northfield) (Lab): Does my right hon. Friend agree that another area where the coalition's words are just not matched by its actions is in the talk about big societies and strengthening civic society? The reality of the cuts in Birmingham is a slashing of grants to those very voluntary organisations that our city relies on to provide the services that supplement those of the local authority and statutory agencies, which ordinary people need.

Mr Denham: I have some sympathy with my hon. Friend, as I have been involved at a local level in working the voluntary sector's Shopmobility scheme, which the local Conservative council wanted to cut. Here was an organisation that had only a small amount of public money but engaged huge numbers of volunteers, enabling thousands of people to get around the town centre. It is funny, is it not, that that should be the Tories' first target, despite all the talk about the big society?

Sajid Javid (Bromsgrove) (Con) *rose*—

Mr Denham: I shall give way again in a few moments, but I want to make a little progress.

What is quite clear is that all this is not an accident; it reflects the values of the coalition. I have talked so far about the Secretary of State's figures. When he published the written ministerial statement, he said with great flourish that no council would lose more than 2% of its budget this year. That is bad enough; it is not trivial. It

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feels about 30% worse than that, however, if we take into account the cuts implemented from today. By the time most councils have been able to put cuts into practice, it is going to feel like twice that level of cut.

The truth is far worse, because the Secretary of State consciously withheld the true situation from the House. In the figures that were published, over £500 million of the £1.16 billion of cuts was not allocated to local authorities, so no one could tell what the impact would be: it was kept secret—kept under wraps, kept from this House. A few days before, the centralising, dictatorial Secretary of State had instructed local authorities, under threat of punishment by law if they refused, to publish details of every item of spending over £500. As his hapless Minister told the House, no one had even bothered to work out what that would cost local taxpayers; it was just another diktat from behind the big man's desk. Yet the same Secretary of State who can tell councils what to do down to the last £500 could not manage to tell this House or local councils where he was cutting £500 million. It is ridiculous.

Rushanara Ali (Bethnal Green and Bow) (Lab): Does my right hon. Friend agree that the current cuts in local government belie any notion of fairness or progressiveness? The London borough of Tower Hamlets is the third most deprived borough in the country yet it faces one of the largest cuts: £9 million, of which £1 million is from the working neighbourhoods fund. That is in addition to a likely £55 million of cuts over the next three years. We should compare that with the figure of £1.3 million for the London borough of Richmond upon Thames, which includes the seat of the Secretary of State for Business, Innovation and Skills, the right hon. Member for Twickenham (Vince Cable). How is it possible that the poorest have to suffer so much compared with one of the richest boroughs in the country?

Mr Denham: My hon. Friend makes a very good point, and also underlines the point I am about to make, because on the original figures published by the Secretary of State, the Tower Hamlets cut was nowhere near as big as that. Earlier, I used the example of Newham, for which his table gives the figure of £4.6 million, which was the biggest cut in London. Now that the dust has settled, however, we find that Tower Hamlets is up there as well, with a figure of about £9 million, and Hackney loses £8.6 million—but as my hon. Friend said, "Don't worry, because Richmond is still doing all right."

Dr John Pugh (Southport) (LD): I rise to say a few words in the interests of fairness, because the right hon. Gentleman obviously thinks that, apart from eating babies, there is very little the coalition does not do. Can he tell us which of the £40 billion of unallocated cuts the Labour party was likely to implement were going to fall on local government? That would be a transparent, open, rational and reasonable thing to do.

Mr Denham: The hon. Gentleman needs to explain something to his constituents: why he is supporting a cut that goes tens of billions of pounds deeper than the plans we set out. That is what is causing the pain. During the election campaign, he opposed the cuts I am talking about. He and his party colleagues said that these £6 billion of cuts would damage the economy. He is the one with questions to answer for his constituents, such as how he managed to run an election campaign against a VAT increase and these cuts, yet here he is standing up in the House defending the cuts—and no doubt in due course defending the VAT increase as well.

Several hon. Members *rose—*

Mr Denham: I shall give way to the hon. Member for Bromsgrove (Sajid Javid), who has been waiting to intervene for some time.

Sajid Javid: I thank the right hon. Gentleman for giving way. Why does he treat Members as if they are fools? If he wants the truth, it is that his Labour Government's funding formula was based on petty party politics and had absolutely nothing to do with the needs of individuals. If we want to use examples, the schoolchildren in my constituency of Bromsgrove get £900 less per annum than those in neighbouring Birmingham. The reason for that is very simple: over the past 13 years areas where there are Labour voters got far more money, and the truth is that what we are doing is, in this terrible economic climate, restoring some fairness in the system.

Mr Denham: I think the whole House should take full note of that intervention, because the statement of principle we have just heard from the hon. Gentleman flies in the face of the commitment made during the general election by the then shadow Chancellor, now Chancellor, who said:

> "We are all in this together. I am not going to balance the budget on the backs of the poor."

We have now heard the authentic voice of the Conservative party, however. Irrespective of any economic challenges faced by this country, the Conservatives would have wanted to hammer the poor, and that is what they intend to do. It will not come as any surprise to Labour Members to know that that is what the Tories stand for. What the Liberal Democrats are doing supporting it, I have no idea.

Several hon. Members *rose—*

Mr Denham: I give way to my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett).

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): Does my right hon. Friend not agree that the interventions he has just taken from the hon. Members for Brigg and Goole (Andrew Percy) and for Bromsgrove (Sajid Javid) both demonstrate that the coalition is intent on redistributing grant away from the poorest boroughs and the poorest education services and towards the better-off? Does that not completely give the lie to the idea that the so-called pupil premium will put more money back into the very boroughs and authorities that those Members have just attacked?

Mr Denham: My right hon. Friend, as always, is absolutely right.

I must say that this debate is turning out to be rather more useful than I expected. Just a small scratch on the surface of the Government's supporters tells us what they really believe, stand for and intend to do. As a

number of Members have said, this has got nothing to do with the economic crisis or the deficit; they just think that our spending more money in the areas of greatest need was the wrong thing to do. Let us agree that that is the difference between the Government and the Opposition.

Hazel Blears (Salford and Eccles) (Lab): I wonder whether my right hon. Friend is experiencing, as I am, a slightly spooky feeling of déjà vu. If we think about political gerrymandering, we all remember the days when Westminster and Wandsworth were able to levy zero council tax because of the fix that had been done on the allocation and distribution of grant. What we are seeing from Government Members is history replaying itself. We are seeing not a new, centrist, Cameron-friendly Tory party but the same old right-wing Tories, determined to balance the books on the backs of the poor.

Mr Denham: My right hon. Friend is right. She too has done the job that I did until the election, and she knows that there are many people in local government who are not of our party, but who have a genuine commitment to the communities they serve and by whom they were elected. Among the people who have been kicked in the teeth by these budget cuts are the locally elected representatives of this Government. The Tory leader of Blackpool council said:

"We are one of the most deprived areas in the land and we shouldn't be singled out like this."

He had better not go to the East Riding or Bromsgrove, because he will get a different message. He continued:

"I understand that some of the leafy lanes of Surrey and places have got away with it; well that can't be right."

The Lib Dem leader of Burnley council said:

"we are a deprived borough but once again we are suffering. I am disappointed and sick of us being kicked by budget cuts in Burnley."

Andrew Gwynne (Denton and Reddish) (Lab) *rose—*

Gavin Barwell (Croydon Central) (Con) *rose—*

Mr Denham: I give way to my hon. Friend the Member for Denton and Reddish (Andrew Gwynne), and then I will give way to the hon. Member for Croydon Central (Gavin Barwell).

Andrew Gwynne: I am grateful to my right hon. Friend, who is making a very good case. Is he as surprised as I am that members of Liberal Democrat-controlled Stockport council, who were extremely vocal in the run-up to the election about the fact that their grant settlement was not enough, have not uttered a single word of protest at the cuts now being forced on them?

Mr Denham: They have obviously been nobbled, but it remains to be seen whether they will stay nobbled once people at local level in my hon. Friend's constituency understand what is really happening to them.

Mr Dennis Skinner (Bolsover) (Lab): Will my right hon. Friend give way?

Mr Denham: If I may, I will just complete the point I was making by giving one last example.

We were told that there would be a 2% limit on cuts; however, Corby council faces a cut of 15% in one year, because the figures did not include the housing and planning delivery grant. Corby council did the right thing: it gave planning permission for houses and economic development—and now it has had to pay for that with a 15% cut. I now give way to the hon. Member for Croydon Central.

Gavin Barwell: I am very grateful to the right hon. Gentleman for giving way. He is trying to make the point that the previous Government allocated money on the basis of need. Does he recognise that the result of the introduction in 2006-07 of the fourth block into the funding formula, according to the London Councils report, has been a shift in local authority funding

"from a relative needs basis towards a per capita basis, causing an arbitrary redistribution in funding between high-need and low-need authorities"?

That is the result of the policies his Government introduced, and he did nothing to correct those decisions.

Mr Denham: If what the hon. Gentleman says means anything, he is arguing that we should have shifted more priority towards the poorest and that we actually made a mistake back in 2006. That does not fit coherently with the approach of his hon. Friends.

Mr Skinner: Does my right hon. Friend agree that we should not be too surprised at what this Tory Government are doing to shift the balance towards the wealthier areas of Britain, because every pit in Bolsover was shut by the previous Tory Government, throwing thousands of people on to the dole and creating deprivation that hitherto had not existed? Now the Tories are doing it again, but there is a difference because this time they are doing it under the cloak of so-called "respectability", using those tinpot Liberals to cover for them. The Liberals will undoubtedly have to pay for it at the end.

Mr Denham: My hon. Friend is absolutely right about that. One of the things that we need to recognise is that, sadly, in large areas of the country, particularly in my own area of the south, as well as in the south-east and the eastern region, local government has for too long been divided between the Tweedledum of the Tory party and the Tweedledee of the Liberal Democrats. The Liberal Democrats have often got away with claiming that they were a progressive alternative to the Tories, but that will no longer be allowed to stand. Somebody has to speak up for the people of the areas suffering cuts, and it will be the Labour party.

John Hemming (Birmingham, Yardley) (LD): There are perhaps two arguments here. One argument is about whether the cuts should be made now or later, and the other is about how they should be allocated. My personal view is that we must ensure that we fund local authorities on a needs basis—there is no question about that. The basic questions in this debate are about whether or not cuts should be made earlier and whether the quantum should be the size it is. If we do not do this, the interest rates will be higher. If we follow the Labour party's advice, we will actually have greater cuts because we will have to pay a higher interest rate on a higher level of debt. That is the fundamental truth of this argument, so the right hon. Gentleman is arguing for greater cuts in the long term.

Mr Denham: The hon. Gentleman is right to say that there are two arguments—the cuts should be made now or they should be made later—but he has the unique distinction of having argued both of them within recent weeks.

John Hemming *rose—*

Mr Denham: No, I am not going to give way, because it was not worth it last time. The hon. Gentleman spent an election campaign saying that the cuts should not be made now, but he has spent every week since the election saying that they should be. That is ridiculous and he cannot expect to be taken seriously.

Ms Louise Bagshawe (Corby) (Con): When I was in my office, after a meeting, I heard the right hon. Gentleman take the name of Corby in vain. May I point out to him that the cuts allocated to Corby borough council are merely 1.1%, which puts it in the lower half of councils receiving cuts? Is the shadow Minister aware that Pat Fawcett, the Labour leader of Corby borough council, complained bitterly at the funding settlement that Corby received when his Government were in power?

Mr Denham: I will send the hon. Lady the letter from Corby borough council setting out why its cut had turned out to be much bigger than the 1% that it had originally been told about by the Secretary of State.

Several hon. Members *rose—*

Mr Denham: I should make some progress, because I have further important points to make to the House—unfortunately, the Secretary of State is not here to defend his case. When he made his announcement, he tried to sweeten the pill by promising local councils greater freedom in spending what was left of their money; he said that £1.7 billion would be taken outside the local government ring fence. That was fair enough, because that is the same direction of travel that the Labour Government had set and I am not going to argue with it, but what has happened since? This Government have now been forced to admit that it was all a mistake and that the figure was not £1.7 billion after all, but £1.2 billion, so we have another disappearing half a billion pounds. How could that be? The truth is that the Secretary of State and his Ministers are not on top of their brief, and they do not understand how local government finance works or where the money goes.

All that would be bad enough, but that is not all. What is being revealed bit by bit is this Government's limited vision of local democratic government. The country faces a major challenge as we and the world recover from a global recession, and effective, democratically accountable local government must be part of the solution, not part of the problem, but it is now clear that this right-wing coalition does not understand how important local government must be.

It is not just about the unfair cuts, the impact on front-line services and the impact on growth. It is quite clear that there is no decision too small for the Secretary of State to intervene in. We wanted local councils to be able to decide whether planning powers should be used to control the spread of houses in multiple occupation and to let them decide what was best for local people, but now the Secretary of State is tearing up those rules. Who is going to decide what is best for local people? He is. We wanted local councils to have a say in the big planning decisions that affected more than one district. Who will decide now? The Secretary of State. He wants to set the council tax in every council, how often the bins are collected and how often councils can communicate with the public. He imposes cuts from the centre and will not talk to local councils about how to do it—no wonder he will not turn up to speak in the House. Remember the power of general competence? Remember the Prime Minister, when he was Leader of the Opposition, saying that councils would be free to do whatever they like as long as it was legal? That did not last long under this Secretary of State. He needs to learn that there is a lot more to localism than sitting behind a desk in Whitehall giving orders to local councils.

Councils need to be leaders, shaping and delivering services in their area. Under Labour, councils were better financed—we reduced ring-fencing and targets and believed that local councils were often best placed to decide what was best for local people. Labour local councils had the lowest council taxes and Tory councils had the biggest increases. We trusted councils to deliver the things that local people wanted. That is why local councils were the right vehicle to deliver the 18 million free swimming sessions for pensioners and kids that will now be scrapped. The views of the Tory leader of Derby council will be shared by many. As he said:

"The withdrawal of funding for the free swimming scheme is very disappointing because we consider this to be a resounding success in Derby."

It was our belief in local government that made us see why local councils should take the lead on council and social housing and in supporting the Kickstart schemes, all of which are now on hold or scrapped. That is why local councils were the right people to lead in tackling worklessness, and why so many local councils, including Tory councils such as Kent and Hampshire, were big bidders for and big users of the future jobs fund. They could see that it was right to offer real jobs to young people in their communities. Now, up to 80,000 jobs for young people will be lost.

We trusted local councils—Tory, Lib Dem and Labour. Yes, sometimes they let us down. I remember when the Tory-Lib Dem coalition in Birmingham failed to spend its working neighbourhoods fund money; perhaps we should have realised that that was the shape of things to come. However, many other councils repaid that trust many times over.

It was right that local councils led on Building Schools for the Future. There are now 750 schools in 90 local authorities whose schemes are on hold and in doubt.

Alison Seabeck (Plymouth, Moor View) (Lab): My right hon. Friend has set out in an extremely worrying way the effect of this right-wing Tory-Liberal Democrat coalition and of its cuts. Does he acknowledge that the coalition has not in any way flagged up the potential savings before going straight into the cuts programme? The Total Place project was one through which Tory councils in London and elsewhere said that they could make significant savings of tens of millions of pounds, yet there has been no mention of it from the Government. Will my right hon. Friend comment on that?

Mr Denham: My hon. Friend is absolutely right, and I shall move straight to that point. It is very clear that the right-wing coalition is handling these cuts in a way that is creating much deeper damage than is needed. My hon. Friend should not be in any doubt: cuts would have had to be made under our deficit reduction programme. They would not have been as big or as fast, but difficult decisions would have had to be made none the less. There are big efficiency savings to be made, many of which were set out in the report that we published before the election, written by Sir Richard Leese, leader of Manchester city council, and Sir Steve Bullock, mayor of Lewisham. They set out very clearly the savings that could be made from sharing services, sharing staffing and reducing layers of management, but those changes need to be properly planned and implemented consistently over several years, always putting citizens first. The Government's approach of badly planned, short-term, unfair cuts and arbitrary suspension of key investment makes efficient savings impossible and ensures that the cuts will fall on front-line services and their users, not on the back office.

In government, we recognised—this was the point that my hon. Friend the Member for Plymouth, Moor View (Alison Seabeck) made—that the only way to make the best use of local public service spending was to look at it as a whole. We need to look at all the money spent on children, older people, offenders and drug and alcohol problems as a whole. Rather than worrying at the outset whether it is police money, health money, school money or council money, we need to look just at how best to use it.

We know that the most expensive children—the ones who are disruptive at school—are often those whose families are of most concern to social services. They cause the most nuisance to local people and the police and they probably have the highest need of adolescent mental health services. So we worked with local government and the Local Government Association to show that we could produce better services much more efficiently if we brought together all the money that is spent on that group. Our Total Place pilot showed that when we do that, we get a better service at lower cost.

The LGA says that government as a whole could save £20 billion over five years. I am cautious about the details behind that figure, but it is significant. That is what councils think they could offer to cut the deficit while protecting front-line services. That should be taken seriously.

Sir Paul Beresford (Mole Valley) (Con) *rose*—

George Hollingbery (Meon Valley) (Con) *rose*—

Mr Clive Betts (Sheffield South East) (Lab) *rose*—

Mr Denham: I shall give way to my hon. Friend.

Mr Betts: I completely agree with my right hon. Friend's analysis of Total Place. It is a way forward; it is not going to deliver immediate savings, but with proper planning it could deliver. However, it cannot be delivered properly through central diktat from the Secretary of State. If improvements are to be delivered, there has to be a real transfer and devolution of power not merely from the Department for Communities and Local Government, but from the Department for Transport, the Home Office and all other Departments, to allow local authorities to take the lead at local level.

Mr Denham: I agree with my hon. Friend, and I welcome him to his position as Chair of the Select Committee on Communities and Local Government, to which he will bring considerable experience and knowledge. That is exactly what we offered local government and local services in our last Budget, which offered a wide range and scope for local services to pool their money and use it in new ways. That is why I was confident that we could both deliver our deficit reduction programme and protect front-line services, but as my hon. Friend says, it can work only when it is backed from the top. There is no mention of it in the Budget or in the Red Book, and every Government policy works against that sensible, coherent approach. The Government are not just slashing local spending: they are fragmenting it. There is no point in giving councils more and more control over disappearing funds if, at the same time, school spending is disappearing into academies and free schools, if the chance to work with health money disappears into hundreds of GP budgets or if police funding rides off into the sunset with an elected sheriff. *[Interruption.]* I am sure that the hon. Member for Meon Valley (George Hollingbery) is right. I shall come to him in due course.

I do not know whether the Secretary of State simply lost all those arguments or whether he never made them, but he has not done well. I shall give way now to the hon. Member for Meon Valley and later to the hon. Member for Mole Valley (Sir Paul Beresford).

George Hollingbery: I am very grateful to the right hon. Gentleman for giving way. First, I make the point that in 13 years of Labour rule, there was little or no integration across local services. Indeed, we could honestly say that silos grew a great deal more than they merged together. We do not need central rules to make that integration happen; in Hampshire, we have Project Integra and PUSH—the partnership for urban South Hampshire—so he will know that there is plenty of co-operation at local council level.

On central control, does the right hon. Gentleman agree that when Winchester city council, of which I was a member for 11 years, made an assessment of the amount of spending it could control under the last Labour Government, it was below 5% of total spending?

Mr Denham: It is useful to have a discussion with a Hampshire MP, as we are both familiar with PUSH, but this is exactly my point: that partnership is very good and very important, but it is limited to the powers held by the local councils. Until those councils are able to help to lead and shape health spending and law and order spending in the area, we will not get the changes that we need.

The hon. Gentleman's second point is also reasonable, but he overstates it. He calculates that Winchester council did not have the budget for Winchester university—well, no, but nor should it. Winchester council did not have the budget for Winchester prison, or for the benefits bill in Winchester. Not every piece of spending is amenable to transfer to local authorities. However, together with local Government—particularly over the past few years—we

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did set out that stronger vision for local government. I am desperate that we should not lose that vision, and not just for the purpose of a party political debate here.

The integration of local services is critical now. If the Government prove me wrong I shall be the happiest person in the world, because we shall then have the chance to deliver front-line services that people want in a way that genuinely saves money. Every Member, on whichever side of the House they sit, should be interested in that debate.

Not so long ago, when he was Leader of the Opposition, the Prime Minister said, "If you want to know what a Conservative Government would look like, look at Conservative councils."

I am happy to give way to the hon. Member for Mole Valley, if he still wishes to intervene. It seems that he does not.

What the Prime Minister said constituted a fair warning. As some of my hon. Friends have already observed, what we are seeing is not the unavoidable consequence of a global recession or even of a Labour Government. The aim of the Tories, limply propped up by the Liberal Democrats, is and always has been to roll back an effective, caring and active state. Their vision is of the budget airline council, the sink-or-swim council, the no-frills council, where town halls offer only the bare minimum of service and people must pay twice to get a good service. I think of councils such as Wandsworth, whose leader said that the council wanted to

"increase charges as far as possible beyond inflation...It is worth taking a trial and error approach".

I think of councils such as Hammersmith and Fulham, which promise to protect the elderly and then hike up their charges. That council's leader has said:

"To continue building and publicly investing in the 'social rent' template...makes no sense."

I think of the Tory councils in London that want to knock down the homes of secure tenants and offer them insecure homes at a much higher rent, and of the threats to the future of secure council tenancies that the Minister for Housing has never denied. It is all there.

Yes, the country faces hard decisions as we recover from the global recession, but none of that justifies an ideologically driven attack on the basic idea of decent local services provided by well-run councils. We all know what the Tories are up to, but what are the Liberal Democrats doing supporting them? The answer is that they have sold their souls, and have forfeited the right to call themselves a progressive alternative to the Tories.

4.27 pm

The Minister for Housing (Grant Shapps): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"regrets the doubling of council tax under the last government, its cuts to services such as rubbish collections and its legacy of public debt; expresses concern that the prospect of paying for £70 billion a year in debt interest represents a total of more than is currently raised from council tax, business rates, stamp duty and inheritance tax combined; welcomes the new Government's immediate support for frontline services by protecting £29 billion of formula grant, removing £1.2 billion of ring-fencing and abolishing red tape such as the Comprehensive Area Assessment; backs the support for hard-working families and pensioners through a council tax freeze and the abolition of the previous government's plans for new bin taxes; further welcomes the scrapping of the unfair ports tax which threatened to harm Britain's whole manufacturing sector; supports the reductions in business rates for small firms; acknowledges the significant efficiency savings already delivered by local government but believes that there is further scope for savings through joint working, professional procurement practices and radical town hall transparency; and asserts the importance of delivering local economic growth to all local communities across the country, assisted by new financial incentives, and of giving new freedoms to councils to allow them to focus their help on local priorities and those most in need.".

I was a bit surprised to hear the right hon. Member for Southampton, Itchen (Mr Denham) attack the Secretary of State, who had taken the trouble to write him a personal note—it was delivered by hand to his office at 11.30 this morning—explaining that he was attending a regional Cabinet meeting in Yorkshire to talk about the announcement that was first made in the Budget statement last week of a £1 billion fund to help the very areas of the country that the right hon. Gentleman has just complained will lose funding.

Stephen Hammond (Wimbledon) (Con): I saw the right hon. Member for Southampton, Itchen (Mr Denham) shake his head. The personal letter was put on the letterboard by me this morning, and my office telephoned his office twice to ensure that it was there.

Grant Shapps: I am grateful to my hon. Friend for clarifying that. I now understand that the note was in the right hon. Gentleman's pigeonhole, and that the telephone call—*[Interruption.]*

Clive Efford: On a point of order, Mr. Speaker. I am not sure whether I heard it right, but I believe that we have just heard an announcement of a £1 billion fund. I wonder why that was not announced in a statement to the House.

Mr Speaker: Before I respond to the point of order, I shall be happy to hear a statement or clarification from the Minister, from whose lips I think the words came.

Grant Shapps: The fund was announced in the Budget, Mr Speaker. If the hon. Member for Eltham (Clive Efford) was present last week, he will have heard the Chancellor of the Exchequer announce it at this Dispatch Box. Let me clarify another point. My hon. Friend the Member for Wimbledon (Stephen Hammond) also mentioned that he had telephoned the office of the right hon. Member for Southampton, Itchen to check that the letter had been received. I am very surprised by the rather discourteous and disingenuous comments about my right hon. Friend the Secretary of State.

Mr Blunkett: Is this the £1 billion that the Government have just announced that they are withdrawing as a result of the abolition of the regional development agencies, which they promised before and after the election that they would abolish only if there was no support at local level?

Grant Shapps: I will come in a moment to the RDAs that were set up by Lord Prescott. In the meantime, I can tell the right hon. Gentleman that this is a new £1 billion—the regional development fund £1 billion announced in last week's Budget and designed to help—

[Interruption.] Labour Members do not want to hear about this, but it is designed to help in exactly the kind of constituencies that they have come here today to complain are being underfunded. They do not want to know that this coalition Government are doing something to help those areas. That is the truth.

We live in grave financial times, and the previous Government bequeathed a scorched-earth policy. As Labour's departing Chief Secretary declared, "I'm afraid there's no money left. Good luck." *[Interruption.]* They do not want to hear that either, but it was what the note said, and it also happened to be true.

We inherited spending commitments funded by a litany of IOUs scrawled on the back of fag packets and a toxic legacy of debt from an Administration who went on a spending spree with the nation's credit card. Our most immediate priority is therefore to reduce the nation's chronic public spending deficit to pave the way for economic recovery.

Alison McGovern (Wirral South) (Lab): The hon. Gentleman describes again this picture of deals scrawled on the back of fag packets. Would he like to make a comment to my constituents in Wirral who work for companies that spent a great deal of time working hand in glove with the RDA and the Government to protect our local economy and have been thrown into disarray by the policy being made on the hoof by the new Government? I will listen to anything the Minister has to say that will help us protect our local economy, and I will be grateful for his comments.

Grant Shapps: I welcome the hon. Lady's intervention. She was not here in the last Parliament, but had she been she might have read our green paper, which describes in detail our plans for the RDAs. Labour Members seem to think that when there is a change of Government, policies should just roll on even if they have not worked. The RDAs were a case in point, of policies that cost a lot of money and got us nowhere.

The prospect of paying £70 billion in debt interest is of deep concern, but apparently not on the Opposition Benches, where it is as if the money has not run out, the party is not over and we can just carry on spending imaginary funds. That £70 billion in debt repayments is more money than the council tax, business rates, stamp duty and the inheritance tax collect put together. That is the size of the deficit we are up against. So we need to tighten our belts. Ministers are cutting their pay, and it is also fair to ask local authorities to pay their part towards the £6.2 billion public sector savings required this year.

Hazel Blears: Does the right hon. Gentleman believe that it will help the nation's finances to cut the future jobs fund and the working neighbourhoods fund and to throw more young people on the dole so that they will not be paying tax and national insurance? Does he really think that that adds up to a credible economic policy?

Grant Shapps: Well, I heard with interest what the right hon. Member for Southampton, Itchen had to say about some of the funds. The truth is that existing commitments are being honoured and a new fund is going to be set up to pull together the many different streams that currently help people get back to work. It seems to me that again Labour Members see any change that did not emanate from Labour during the 13 years in which it was in Government as a problem and are willing to attack it.

Chris Leslie (Nottingham East) (Lab/Co-op): Will the Minister give way?

Grant Shapps: I shall give way in a moment after making a little progress.

So the £6.2 billion immediate savings this year are the priority to tackle the inherited £156 billion deficit. It is worth saying it again—£156 billion. *[Interruption.]* They do not want to hear it, because the figures were in danger of bankrupting this country—of putting us into a Greek-style crash. But to hear the right hon. Member for Southampton, Itchen today from the Dispatch Box, one would not believe that he was speaking for the same party that sat on the Government Benches and took this country to the edge of that fiscal position.

Now with this fiscal challenge we also have an opportunity. Our actions to rebalance the public finances give us a chance to decentralise power, to weaken the command-and-control apparatus of the central state. Devolution is the solution; the centralised state the problem. We need to cut wasteful spending, but let us put local councillors and local people back in the driving seat.

Claire Perry (Devizes) (Con): On that very point, we hear a lot about how we could have saved money from efficiency savings, and that is a laudable thing to talk about, but the Lyons report in 2007 said that targets and inspections inhibited councils' ability to serve their locality. We know that targets and inspections cost more than £2.5 million a year, so if Opposition Members were so anxious to find efficiencies why did they not start by stopping that ridiculous top-down inspection regime?

Grant Shapps: I am very grateful to my hon. Friend for mentioning some of the top-down inspection regimes, such as the comprehensive area assessment, a £39 million programme responsible for—get this—wasting 151,000 days of local government officers' time each year, and for what purpose, what advantage, what great body of knowledge that could somehow be used? The answer is that the previous Government did not know when the money had run out and carried on spending it ad infinitum.

Chris Leslie: Will the right hon. Gentleman scrap the Audit Commission? Will there be no audit or inspection?

Grant Shapps: We certainly will have inspections and a basic template. The question is: how much inspection do we need? I invite any Opposition Member to explain how spending 151,000 days of officer time answering a comprehensive area assessment was of any use to local residents. Opposition Members talk about localism, but they do not get it. They talk about the principles of handing over power, but they do not understand that when—according to 2006 research—officers in town halls spend 80% of their time servicing the needs of Ministers and Whitehall and only 20% of their time looking after local residents, they no longer serve the democratic values of local people. That is not localism; what we are describing today is localism.

[Grant Shapps]

In these tough times it will be our goal to protect those in the greatest need—local residents and, especially, struggling families and pensioners. Under Labour, council tax more than doubled. We will work with local councils to freeze council tax for a year and, if we can afford it, for another one. Scotland has done it, with band D council tax now £290 a year less than the comparative figure south of the border. We want that to happen in England, too.

Angela Smith (Penistone and Stocksbridge) (Lab): The right hon. Gentleman just mentioned the need to protect those most in need. Will he comment on the remarks by Blackpool's Tory council leader, Peter Callow, who said:

"We are one of the most deprived areas in the land and we shouldn't be singled out like this. I understand that some of the leafy lanes of Surrey and places have got away with it; well that can't be right"?

Grant Shapps: The hon. Lady will no doubt welcome the £1 billion fund for regional assistance.

Chris Leslie: New money?

Grant Shapps: Which is new money and was announced last week. No doubt the hon. Lady in her next intervention will welcome that money, which would presumably go to areas such as that the one she describes.

Roberta Blackman-Woods (City of Durham) (Lab): Will the right hon. Gentleman confirm that that £1 billion is additional funding—on top of the money that would already have been made available to RDAs and to local councils in order to support regeneration in their areas?

Grant Shapps: I may be living in a parallel universe, but I and Government Members were here last week for the Budget, when all that was described in a great deal of detail, including in the Red Book, which explains that the fund is new and comes out of the total spending envelope. It is fairly straightforward.

Let us make some progress. We will scrap Labour's plans for new bin taxes, which meant even higher tax bills for local families and harmed the environment by encouraging more fly-tipping and more backyard burning. We need to go green, but we cannot have the bin bullies and the town hall Taliban who seemed to look after town halls before. Instead, we are going to embrace opt-in schemes, such as Windsor and Maidenhead's recycle bank initiative, through which families are rewarded for recycling and doing the right thing. We will encourage people to do the right thing, rather than punish them when they do not.

Incentives can work for councils, too. Let us reward local authorities for driving economic performance in their area, and for building new homes. Incentives can work for councils in all sorts of ways.

Caroline Flint (Don Valley) (Lab): On the issue of building new homes, I understand that one of the areas under threat is the Kickstart programme, which was to support private construction by getting sites that had fallen during the recession under way again. Does the Minister agree with the chairman of the Home Builders Federation, who said:

"Cutting Kickstart money, that creates immediate benefits in terms of local jobs and for the wider economy is a cut on investment not waste. Public money invested through Kickstart pulled in many more times that in private sector investment"?

Is there not a false economy in the cuts that are going ahead, which put more homes in jeopardy and do not make sense to the business community?

Grant Shapps: The right hon. Lady will share the concern that I had at turning up at a Ministry and being told that the £1.5 billion that had been presented to the Building Britain's Future fund exactly a year ago, in July 2009 when programmes such as Kickstart were announced, just did not exist. We are now having to do what we can to support those important programmes. She can expect to hear further announcements on this front.

Andrea Leadsom (South Northamptonshire) (Con): If all the programmes that the Opposition are concerned that we will cut were so valuable, why were so few houses built under the last Administration? Why are there 1 million people not in education, employment or training—NEETs—in this country if the programmes were working so well?

Grant Shapps: I am grateful to my hon. Friend, not least because of what happened in the debate on housing here just last week. The Opposition claim to be passionately interested in housing, but there was nobody at all on the Opposition Benches then: not a single Opposition Member turned up for a debate on a subject that they claim to care about so passionately.

Perhaps the answer lies in the figures on housing. We have only to look at the figures for house building last year, for example: fewer homes were built than during any peacetime period since 1924. It is not as if the top-down approach was working; the more the previous Government tried to centralise, dictate and impose housing on local communities, the fewer homes were built. That is why we intend to turn their policy on its head and ensure that in future incentives drive house performance and house building in this country.

Mr Betts *rose—*

Grant Shapps: I give way to the Chair of the Communities and Local Government Committee.

Mr Betts: Will the Minister clearly explain what his targets are for the number of social houses that should be built in this country each year? How will the building of such housing be achieved? What policy mechanisms will he use, and where is the funding to deliver the programme?

Grant Shapps: I am grateful to the hon. Gentleman. We are not going to set targets because they did not work. *[Interruption.]* There you go—they have heard it. We all remember the target of 3 million homes by 2020. Remember the former Prime Minister standing at this Dispatch Box and announcing that target? We all remember the 240,000 homes that were to be built every year. What is the figure for house building this year? Probably

about 110,000 to 118,000—something in that region. There is no point in announcing targets that do not happen; all that does is bust aspiration. Instead, we will take a practical approach in which communities are encouraged with powerful financial incentives to build homes. Our matching of council tax revenues for a six-year period will achieve a great deal of that.

Mr Slaughter *rose—*

Grant Shapps: I want to make a bit of progress, then I shall give way again.

We are going to drive economic growth through local action and initiatives such as the incentive plan, and by replacing Lord Prescott's and Lord Mandelson's regional development agencies with locally led partnerships, based on natural economic areas—not arbitrary Government offices for the regions that happen to suit Ministers. We will also drive growth by giving councils new powers to levy business rate discounts for local shops and firms, by finding practical ways to introduce automatic small business rate relief and by abolishing Labour's unfair ports tax, which threatened to harm the entire manufacturing sector in this country—at least the bit that the party had not already harmed through its economic policies.

We are doing all we can to help local government under difficult and pressing circumstances. No local authority will face a reduction of more than 2% in any revenue grant that has already been allocated.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Why does the council in my constituency face a cut of 1.08%, whereas no Government Member's local authority is facing cuts of anywhere near that? Is that an act of ideology or malice? Or is it that, as the Minister with responsibility for planning said,

"Those in greatest need ultimately bear the burden of paying off the debt".—[*Official Report*, 10 June 2010; Vol. 511, c. 450.]?

Grant Shapps: I am grateful to the hon. Gentleman for that, but district councils all over the place are taking larger cuts. If the Opposition are now going to spend their time looking at random distributions, trying to pick out patterns and then playing them back, I am afraid that that just demonstrates that they really have not got it. They have not understood the financial crisis in which they had taken this country right to the edge, or appreciated the depth of the problems that they had taken the country into. That is clearly demonstrated by their input today.

Andrew Percy: The Minister will recall that a few moments ago, when I tried to raise the issue of school funding, my concerns about deprived areas such as those in Goole that I represent were laughed off with some smugness by Labour Members. Can we have an assurance that unlike the situation under the previous Government, who simply ignored the problem, pupils who live in very deprived areas in Goole will not be penalised for the simple reason that other parts of the East Riding are wealthier?

Grant Shapps: I am grateful to my hon. Friend. Of course, the pupil premium is designed to achieve precisely that. We are absolutely doing everything we can to try to protect people and share out the burden of the very difficult decisions that have to be made—decisions that were ducked by the Opposition when they were in government. Labour Members could not outline one penny of how they would have reduced the local government budget—not one single penny. I invite the right hon. Member for Southampton, Itchen to come to the Dispatch Box if he now wants to explain where the cuts were going to come from. Until Labour Members acknowledge that they had no answers and were not proposing alternatives, they will not have earned the right to lecture anybody about what should and should not be done by way of making these difficult cuts, because we have not heard anything about it from them.

We have protected the £29 billion formula grant—the main source of funding for front-line services such as rubbish collections, street cleaning and libraries. Moreover, we have not cut any of the main Supporting People budget, which is in excess of £1.6 billion, despite needing urgently to cut funds from this year.

John Hemming: Does the right hon. Gentleman share my mystification as to why Labour Members are fussing about whether there is a cut of 1.08% or 1.1%, given that the real situation is that over the next five years we potentially face cuts of 25% in real terms, and we should be planning and preparing for that now?

Grant Shapps: My hon. Friend is absolutely right. The simple truth is that Labour Members still have not understood the depth of the problems that they have got us into. Until they acknowledge that and start to address it themselves with some real plans, and identify where some of the money is coming from, nobody will take seriously their complaining and calling of Opposition day debates about this subject.

We will continue to remove the ring fences from non-school revenue and capital funding. This year, we have de-ring-fenced £1.2 billion, and we intend to go a lot further. This gives councils the extra flexibility they need to concentrate on local priorities and to protect these front-line services. We are also reducing the management burden imposed on local authorities from the centre, cutting down on undemocratic and unaccountable quangos, and putting local government front and centre in meeting local residents' needs. When we took over, there were 27 different quangos relating to the Department for Communities and Local Government. Again, I invite the shadow Secretary of State to come to the Dispatch Box and explain how he was going to hand power back to local people by removing even one of his 27 quangos.

As with every profession, local authorities will need to take some difficult decisions about how to prioritise their spending. Local authorities have already made great strides in achieving efficiencies, but they need to do more. There is still a lot more potential to gain through new practices—for example, shared services, joint working and smarter procurement. Perhaps most important, however, will be radical town hall transformation. We must be clear that councils will need to build in improved productivity as a matter of course. They need to learn from the best commercial practices. Sainsbury's does not go out and tell people that good food costs more when it comes from Sainsbury's, but that it costs less, and public services are going to have to do the same thing. In the public services, in

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future, we have to get more for less. I know that that is a concept that Labour Members struggle with, but it is the reality of the financial mess that they have left us in.

Brandon Lewis (Great Yarmouth) (Con): I am proud that in Great Yarmouth our council, which faces a 2% cut, has reacted by saying, "We can deal with this. We realise the situation that the previous Government has left us with, and we've got to get more efficiencies." That is a good and positive move forward. In my view, having spent many years as a councillor and council leader, the best thing for our councils is to get rid of some of the ring-fencing and the tick-box culture that wastes officers' and members' time and give them back the ability to make real decisions about real things locally, which means they are more accountable and that our residents will care more about what they do. Does the Minister agree?

Grant Shapps: I am most grateful to my hon. Friend, who gives us an opportunity to talk about matters such as the comprehensive area assessments, which somehow, through ticking boxes and using—*[Interruption.]* The hon. Member for Hammersmith (Mr Slaughter) says from a sedentary position that we have done all that, but the truth is that £39 million was still being spent on that budget on the day we entered office.

Rather than having a tick-box culture, in which town halls are answerable to Ministers, there is a better way, and it is the one that my hon. Friend the Member for Great Yarmouth (Brandon Lewis) has identified—local people being the ones to whom officers are answerable, through the ballot box. That is a radical concept that can be expanded much further by allowing councils, by the end of this year, to publish online details of all their spending, tenders and contracts over £500. That will be proper transparency and empower a new army of armchair auditors to go through local authorities' books and help identify wasteful spending, helping to protect front-line services. *[Interruption.]* I hear Opposition Members calling out, "Well, that will help." As a matter of fact, we really do think that it will help in a dramatic way, and I will explain why.

We are going to extend the idea to national Government with a higher limit of £25,000, and this is how it will work. In my Department alone, openness and publishing this stuff online would have avoided, for example, the scandal of £134,000 being spent on 28 luxury socialist-red sofas by a Parisian designer, Ronan and Erwan Bouroullec, which were bought as part of new Labour's—get this—efficiency initiative. That pretty much sums up its approach.

Transparency would, I imagine, also have stopped the scandal of my Department spending £73,000 on a serene green tranquillity room for stressed-out staff and Ministers to

"relax and refuel in a natural ebb and flow."

Proper accountability would surely have stopped the £6,000-apiece deluxe chrome coffee machines fitted at each of the white elephant regional fire control rooms, which are completely empty, by the way. Come hell or high water, we would at least have known in future that officials would have had a nice cup of cappuccino even as disaster struck and the phone system failed, as it famously does in those buildings. That is what transparency and openness will deliver—it will mean that people can see what is going on inside government, both nationally and locally.

Mr Slaughter: I wish the Secretary of State had bothered to come, partly because this is so incoherent and we might have had something a bit better, but mainly because I wanted to pay him a compliment for proposing to cut a bit of town hall waste. He said at the weekend:

"Councils should spend less time and money on weekly town hall Pravdas...our free press should not face state competition from propaganda on the rates dressed up as local reporting".

My Conservative council spends £750,000 on just that type of propaganda. When will the Government cut that, and in addition to consulting the councils themselves, when will they consult local people, MPs and newspapers about the problem? It is a disgrace.

Grant Shapps: I thank the hon. Gentleman for his particularly eloquent contribution. Local authorities spending their time publishing weekly newspapers, or weekly *Pravdas* as the Secretary of State described them, is just not their role. We talk about front-line services, supporting people, homelessness and priority programmes to ensure that the sick, elderly and vulnerable are protected, but Opposition Members want to talk about local weekly *Pravda* newspapers published by local authorities. It simply is not the answer. What we want to do is ensure that local authorities are engaged in front-line services that help their population, not services that rival the local newspapers. We want to allow the local newspapers to operate without interference from local authorities.

Everyone knows that money is tight. Every strategy that we employ nationally and locally should focus on getting more for less. Innovation and efficiency must be king. The emergency Budget makes it clear that there are challenging times ahead. We want to ensure that local government is fully engaged with the next spending review. In particular, we expect councils to be involved in the series of events over the summer to discuss and debate various aspects of public spending. We will use the spending review to drive decentralisation across local government and national Government.

Toby Perkins: The Minister has said a couple of times that councils will have to do more for less. As a member of the best value and efficiency scrutiny panel on Chesterfield borough council for the past seven years, I know just how hard our council and many others worked to produce the efficiencies demanded under Gershon. Can the Minister tell us of any council leaders who have not been trying to give more for less in the last years of the Labour Government?

Grant Shapps: I accept that the hon. Gentleman and local authority leaders and councils throughout the country work hard to do those things. However, sometimes just doing something in a closed situation is not enough and we have to invite the whole general public to take part. We need to publish the stuff online, make it fully transparent and let people see what is really going on. As I explained in the context of my Department's responsibilities, if that had been done, I do not believe that those tens of thousands—and even hundreds of

thousands—of pounds would have been wasted on pointless projects. On a smaller scale, there will be examples in town halls throughout the country of money being spent on unsustainable projects, which best value committees sometimes do not reach, but a large army of armchair auditors will. It is called the general public; it is called transparency, and it will work effectively.

Chris Leslie: Will the Department also publish items that cost £500, so that the position between local government and central Government is fair?

Grant Shapps: Central Government obviously have a large budget—[HON. MEMBERS: "Ah!"] They do have a large budget, so the limit will initially be set at £25,000—*[Interruption.]* Opposition Members are making a great deal of noise, but each of the projects that I mentioned a moment ago would have been captured under such a system. We would have known about the red sofas, the tranquillity centre and all the adverse expenditure. That would have helped. One has to wonder at the Opposition—after 13 years without such transparency and openness, when the coalition offers to open up government, they just want us to go further. That is fantastic, but they had 13 years in which to go much further, but they did not and they wasted taxpayers' money.

The coalition agreement makes it clear what to expect. The time has come to transfer power away from Westminster and Whitehall into the hands of communities and individuals. We will make rapid progress because we have already announced several shake-ups of power. The move to a more democratic planning system will sweep away arbitrary top-down targets and hated regional spatial strategies, introducing powerful financial incentives to local people instead.

The previous Housing Minister is no longer in the Chamber, but I am a fan of his blog. I note that this week he writes:

"DCLG ministers are changing the planning system."

He adds:

"Ours was too top-down".

Hon. Members can read that online—a road to Damascus conversion from Labour, now in opposition. The new coalition intends to prove that Ministers can be localist in government, just as we can in opposition. There will be no switch-around.

Dr Alan Whitehead (Southampton, Test) (Lab): In the spirit of transparency, will the Minister confirm that the £1 billion fund that he mentioned earlier is the regional growth fund to fund regional capital projects in 2011-12 and 2012-13, to which the Red Book refers? If so, the Red Book mentions no figures, but he has gone a little further. Would he care to speculate on whether he will decide who gets the regional growth fund, or will he hand it over to local authorities to determine their own regional capital projects?

Grant Shapps: Yes, that is the same fund, and it was mentioned to the House verbally, at the Dispatch Box, by the Chancellor on the day. No, I cannot confirm how it will be divided up. Members would quite properly expect that to be announced in a statement to the House from the Dispatch Box, and they would not expect me to do that today, because today's debate—*[Interruption.]* It is a bit rich of Labour Members to express surprise. We had 13 years of spin and statements on every breakfast TV sofa in the country but, now that they have now switched sides and gone into opposition, they are making a big deal of this. I can assure the hon. Member for Southampton, Test (Dr Whitehead) that that statement will be made to the House from the Dispatch Box in due course.

Claire Perry: I am fascinated by the disclosure about the tranquillity room. I have had many people coming into my surgery recently who have been really struggling with their household budgets and housing problems. The idea of a tranquillity room is quite entertaining, but it is also deeply insulting to hard-working British people. How will the Minister use the tranquillity room? What does he intend to do with it?

Grant Shapps: I think that it would be only right to invite people to come and try out the tranquillity room. It was paid for with the hard-earned money of the people outside the House, when the previous Government seemed to think that it was a good idea to spend hard-earned taxpayers' money on building tranquillity rooms and putting in expensive sofas. This is an indication of how they talked about helping the poor when they were really helping themselves by refurbishing their offices with bizarre and extraordinary furniture.

Gavin Barwell: Has my right hon. Friend been able to ascertain whether the room was given ministerial approval and, if so, which Minister gave that approval?

Grant Shapps: I cannot tell my hon. Friend how the approval process used to work, but I can tell him that, in the new Department for Communities and Local Government, that kind of expenditure would never be signed off without someone political taking the decision right from the outset.

We have announced that we will move away from the wasteful inefficiency of central targets and towards incentives involving more carrot and much less stick. Last week, we scrapped the comprehensive area assessment, saving the taxpayer £39 million.

Mr Blunkett: It will help us over the next five years if the right hon. Gentleman can give us an answer to this question. Is he seriously suggesting that every sum over £5,000 spent in government will be individually signed off by a Government Minister?

Grant Shapps: No, I did not mention the figure of £5,000, but I did say that decisions approaching anything like the levels of the £134,000 spent on Parisian-designed sofas would require sign-off—and they would not get that sign-off, either.

We have introduced a Bill to stop council restructuring in Devon, Norfolk and Suffolk, which will save the taxpayer £40 million of unnecessary costs. This was a botched restructuring; even the accounting officer at the DCLG had no confidence in it, and issued a letter of direction to the former Secretary of State about it. There was no reason to spend that £40 million, but the Labour Government did not believe that the country was in a financial mess. They seemed to miss that point entirely.

There is more to come. We will promote locally led joint working, building not just on the Total Place pilots, but on innovations—such as joint chief executives—

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being championed by many councils. In the Queen's Speech, we announced a localism Bill that will free local government from central control and give voters more power over local government and over the way in which money is spent. As part of this, we will introduce a new general power of competence for local authorities, so that they are free to give local communities exactly what they want.

The public coffers are nearly empty, and the nation's credit card is maxed out. Shadow Ministers are fighting the wars of yesterday, trying to justify why their pet projects were notionally signed off by the Treasury, but ignoring the huge elephant in the room, in the form of a looming public debt of £1.4 trillion. But in these tough times, we are defending the interests of families, pensioners, small firms and the underprivileged. We are empowering councils to put the front line first, and to make the right choices on how best to protect the vulnerable and the needy in our society. We are putting councillors and the people in charge of going through the state books and highlighting waste and inefficiency, rather than relying on unelected and unaccountable quangos and regional structures. There is a difference between this Government and the last one: we trust people. That is something that the centralising, nanny-state, interfering Labour Government never did.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. As the House will see, this is a very popular debate. Mr Speaker has imposed a 10-minute limit on speeches, but if Members do not take 10 minutes, more will get in.

5.5 pm

Mr Jim Cunningham (Coventry South) (Lab): I am still trying to understand what the Minister has just said. It seems to me that he is applying the solutions of the 1980s. I do not know where he was at the time, but some of us were in local government and on the receiving end. I am sure that some of my colleagues will remember how capital programmes and rent revenue accounts were capped. The Minister talked about transparency, but I remind him that the Labour Government introduced the freedom of information legislation, so there are no accolades for him there. When I was involved in local government in the 1980s, we used to get a green memo—he mentioned Government interference—prodding us to privatise all sorts of things, from public transport to public toilets. So we need no lessons from the people over there.

I hope that the Minister will clarify the position on regional development agencies. What will happen to Advantage West Midlands? Many people will know that it has been very important to the west midlands economy. In fact, only a couple of weeks ago I received representations from small businesses in the area expressing concern about the threat to abolish that organisation. Let us consider Ansty business park. When we created a business park at Warwick university about 25 years ago, we were criticised by the then Tory Government, but later on it became the greatest thing since sliced bread. People in Coventry see the Ansty business park as preparation for the economic revival—

Mark Pawsey (Rugby) (Con): Did Advantage West Midlands not waste a lot of taxpayers' money when Ericsson was persuaded to go to Ansty business park—a completely unnecessary move?

Mr Cunningham: The hon. Gentleman has his facts wrong. It was Ericsson that wasted public money, because it misled everyone—including the Tory council in Coventry—into thinking that it was there to stay. The hon. Gentleman must not distort the facts.

The Secretary of State has sent a circular out to local authorities, but we want to know whether the Kings Hill and Keresley housing project will go ahead. I asked the Minister to clarify that last week, and I was told that Coventry council would be allowed to settle the matter. However, when the Tories were in opposition, they said that one of the first things that they would do was cancel that project, because it was being built on the green belt—which the hon. Member for Rugby (Mark Pawsey) knows something about, as Warwick district council is the planning authority and has been passing the buck.

If we are talking about the 1980s, let us remember that manufacturing in the west midlands was decimated, to say the least. In Coventry, we lost thousands of jobs every week. Are we going back to that? That is what the Government's proposals will mean. The Minister talked about council house building being the lowest since the war, but I do not remember many council houses being built in Coventry in the 1980s. I certainly remember that council houses were sold off and not replaced. The Minister has a lot of explaining to do there.

The other area of concern is what will happen to the voluntary sector especially, and to the much vaunted public sector, which the Government keep on about attacking. How much funding can the voluntary sector expect, if funding to the public sector is reduced? As in the 1980s, the public sector will be the whipping boy for the measures that the Government want to take. I could see their strategy when they were in opposition. They went on about gold-plated pensions and big salaries for chief executives. That is fair enough—we have to do something about it—but it obscured and masked the fact that many people in local government are on low pay, and they are the people who will be attacked. I was in contact with Coventry city council today. The real impact, by the way, will not be known until October or November, because the Government themselves do not yet know which cuts they are going to inflict—they have not worked out the details—not only in Coventry but in the rest of the country.

The Government blame us for the economic crisis, but I remember when it broke. The Conservatives thought that we just needed to bail out Northern Rock and that the crisis had just happened in this country, but it actually happened with Lehman Brothers in America. How any British Government can control what goes on in the American economy defies logic. It was only later that the Conservatives worked out a strategy. Incidentally, the present Governor of the Bank of England went along with the economic stimulus—the same man now advising the Government to go down the road of wholesale cuts. We had a programme to do that over four years, but theirs is a knee-jerk reaction. In other words, they have panicked, they are not in command of the economy and they do not have a strategy to get the country out of this situation.

This is a typical Tory ploy. In the '80s, they used the Labour Government of the '70s to try to justify some of their policies, but they missed something out. Before that Labour Government of the '70s, we had a Tory Government. Do we remember the three-day week? Do we remember the OPEC crisis when petrol prices went through the roof? The American economy had problems because the American public reacted to the prices at the petrol pump. We then inherited, as a minority Government, a previous Tory Government's problems, and I predict that, in the future, we will be picking up the pieces once again for the damage that these people have done.

5.11 pm

Sir Paul Beresford (Mole Valley) (Con): I always find that the shadow Secretary of State's speeches display a convenient forgettery: he gets out his paint brush, forgets the damage that he and his predecessors did to local government, comes up with a few colourful pieces and ignores the fact that, time after time, the Communities and Local Government Committee told him and his predecessors where they were going wrong—and now he has suddenly changed his tune.

Under Labour, the local authorities central grant became less fair as the funding formula was progressively manipulated to the disbenefit of London and the south-east. Many services, along with funding, were moved to regional authorities and quangos, capital receipts were centralised for Government selective redistribution, and local government was crushed with inspections by most Departments of State and by targets in their hundreds if not thousands. New scheme after new scheme was brought forward and money applied to it, but it was allocated specifically, carefully and frequently politically by the Labour Government.

Like it or lump it, the committee structure, which enabled every councillor to have a say before decisions were made, was removed, and a new system of executive decisions inspected afterwards by committees was landed on councils regardless of cost increases. Standards committees and the standards quango were set up, again costing money, for frequently frivolous complaints that were easily dealt with under the previous regime. Central Government imposed rules and regulations on the private sector, making competing for local government functions utterly pointless, and the so-called best-value legislation was imposed, further limiting local authority freedoms.

Most of the centralising and manipulation was introduced by the then Deputy Prime Minister, with his clear desire to make local authorities effectively direct agents of his Department. The effect on local councils' morale was disastrous, and many complained that although they were local councils they were no longer local government. Incentives for lateral thinking to improve services and cut costs were destroyed, and local authorities in London and the south-east lost grant funding as the formula was changed three times. Even under the Conservatives, Surrey and places such as Wandsworth got among the lowest grants, but he came in and hit them with three funding formula changes, the last of which is notorious in Surrey. Under that change, it did not lose just a few million; the year-on-year loss to Surrey county council was £39 million. Event the Audit Commission pointed out the grant funding bias.

Over the years, the local government Select Committee, in its various guises, has increasingly pointed out the diminution of the freedom of local government. The last report was emphatic, and was swept aside. Latterly, there have been some gestures from various Secretaries of State. With a great flourish, one Secretary of State announced that the number of targets set by her Department would be diminished. The number had risen under her and her predecessors to well over 1,000. She was right; she did reduce the raw numbers. However, much of that was offset because there was a combining of targets, so they were still there, and there was increasing auditing of decisions made under the new freedom regulations. Although her Department tried, others did not, of course, so the number of targets increased.

My right hon. Friend the Secretary of State for Communities and Local Government, along with his Ministers, now have a unique opportunity, as the Minister has just said, to give local government back its freedom. From the removal of regulations, a massive reduction in Government expenditure and the removal of constant auditing will come enormous savings. From the point of view of the council tax payer, many of those savings may be quadrupled because it will be a case of reverse gearing.

I hope that my right hon. Friend will be generous enough to consider a few thoughts. Most of us believe that Government and local government should be small and efficient. To expand on one of the Minister's comments, the supermarket-type motto of "more, better, for less" is appropriate at this time. For local authorities to say that they are surprised about cuts is astonishing. They are not numerically dyslexic; they have been looking at these; they know they are coming; they have been working towards them.

In order to enable local authorities to respond, there must be a huge bonfire of regulations and inspections. The savings to local councils could amount to millions upon millions of pounds each from that alone. The reduction in the costs of the Audit Commission will be commensurate, as should the reduction of officials in the Department. Among the restrictive legislation that my right hon. Friend must remove should be the various incremental changes that made competitive tendering of the private sector for council functions non-competitive tendering. Local authorities should be encouraged to divest themselves of unused or unwanted properties by being able to retain the capital receipts, at least in part, for their own use. The business rate portion of Government grant should be separated from the actual Government grant.

Furthermore, I suggest that my right hon. Friend and his officials look at a slightly different approach to central funding. Education amounts to approximately 60% of local government expenditure. Under the previous Government, that was predominantly funded directly to schools, but through local education authorities. With the move for more independence of state or local authority schools, it would be timely to stop the previous Government's pretence and fund the schools directly.

If that were the case, the slight adjustments for local authorities could be effectively funded by the national business rate, distributed by a fair equalisation formula and by the council tax, which councils should be allowed to set themselves without interference. That would mean that local council tax payers—of course, they are almost always voters—would have a much more direct relationship with the local council in respect of its council tax and services.

[Sir Paul Beresford]

In addition, if council tax benefits were paid directly to the recipient and estimated on a fairly applied standard spending assessment basis, to use an old phrase, there would be a further incentive for these people to put pressure on their council. By that I mean that if the local authority set the council tax higher than had been estimated, those on benefits would have to pay more. Equally, where an efficient council sets a lower tax, the benefit recipient would pocket the difference.

Many Members want to speak, and the Minister has talked about many things. He has to build much more on those things to produce a bonanza Bill that cuts regulations. There is now a unique opportunity to turn back what the previous Government did to mutilate, damage and brutalise local government in this country.

5.19 pm

Andrew Gwynne (Denton and Reddish) (Lab): May I take this opportunity to say how pleasing it is to have not one but two Lancastrians as Deputy Speakers?

I draw the House's attention to my entry in the Register of Members' Financial Interests. I rent a constituency office from Tameside council and have parking permits from both Tameside and Stockport.

I pay tribute to the work done by all councillors, irrespective of party affiliation. Having served as a local councillor for 12 years before entering the House, I fully understand how difficult the role is. It is often a thankless task, yet to serve local communities in local government is also a massive privilege and honour. I do not think we do enough to recognise the work of those who serve in local government.

I also want to place on record my tribute to Councillor Roy Oldham CBE, who served as leader of Tameside metropolitan borough council from 1980 until this year. Those 30 years at the top made him the longest serving council leader in the country, and his achievement in transforming the borough from sleepy backwater into one of the leading metropolitan districts in the country—the best in the north-west according to the Audit Commission—is a testament to his drive and vision to make the borough a leading council. Roy is currently recovering from illness and I wish him well. I am sure the new council leader, Councillor Kieran Quinn, will want to make his mark on the borough too, and build on the excellent achievements of the past few years. It will be a tough job, not least because of the tightening financial situation, but I am sure he will do his best for the area and I have every confidence that Tameside will continue to be at the forefront of local government.

The recent Budget was called the "unavoidable" Budget, and some important choices were made in it that will impact heavily on local government. There was a certain irony in the use of that term, however, as the report earlier this month from the new Office for Budget Responsibility indicated that the previous Government's fiscal plans would have eliminated the bulk of the structural deficit by 2015. So these cuts that go so deep so quickly may not make the economic sense that the Government would have us believe. Clearly, they have decided to go further and faster, but these cuts seem more ideologically driven than based on sound economic fact. We will soon find out both if the Conservative-Liberal Government have been correct and about the wisdom of these actions.

It appears that the local government sector and workers will be facing the worst situation for a generation as the Chancellor tries to cut spending just as Baroness Thatcher did but in half the time. That will mean brutal cuts in the budgets of all Departments. The Chancellor is talking about 25% cuts across the board, but as we are told that the education, health and defence budgets will get off relatively lightly, I strongly suspect that other budgets, such as that for the Department for Communities and Local Government, will have to be cut by much more than a quarter. We will see what the real cost is to these Departments.

I urge caution. We need to be careful in how we address the local government cuts. Many local agencies now work in very close partnership one with another, so a cut in one area may well be to the serious detriment of activities in another. Budget cuts in local government will not be in "silos", as all agencies are now largely linked up. We therefore need to look at the interactions between various services. It is easy to cut the aids and adaptations budgets for adult social services, but if the result of cutting a £100 handrail for an elderly constituent is to have to pay thousands of pounds for a hip operation in the NHS, that will not have saved the public purse.

We must not miss the bigger picture. If the cuts start to dismantle these working arrangements, service provision will be back as it was in the 1980s: Department-based, with no thinking outside the box and little joint thinking. For example, interrupting good local management on antisocial behaviour, family intervention and domestic violence will have a real impact on the communities I represent—on people who truly depend on services that no one else will provide and that no one else is better placed to co-ordinate.

As I have said, the scale of the cuts poses a serious challenge to local authorities' ability to deliver services that meet the expectations of people—in my constituency, especially people who live in Stockport and Tameside—over the coming five years and beyond. The Tameside part of my constituency will be particularly affected. It has been ranked as an area of high deprivation, the 56th most deprived local authority area in England. Already, the changes to benefits and tax credits will have a disproportionate effect on Tameside residents due to the existing high levels of income deprivation, and may lead to even more people calling on council services in their time of need. This will be happening at the same time as further funding cuts to the council and its partners start to bite—a double whammy for the people of Tameside and the people of Reddish, to whom I will turn later in my remarks.

Tameside had expected to receive some £23.5 million of area-based grant funding in 2010-11. That has been reduced by £2.34 million—about 10%. Services will clearly be cut at a time when demand will inevitably rise, so Tameside is already anticipating and preparing for a number of hard choices over the coming years. The council has developed a medium-term financial strategy. It expects cuts of up to 10% a year for area-based grants and specific grants—about £5 million in total—on top of cuts to formula grant funding and restrictions on council tax, with a possibility of reductions in capital funding as well.

There will also be an impact on voluntary and community sector grant funding, a sector which contributes significantly to the capacity to deliver improved outcomes through community-based work. Activities to provide opportunities to young people may have to be reduced, along with youth provision, which is non-statutory, in order to ensure that work with vulnerable and looked-after children is maintained. It is therefore crucial that the council and its partners be able to maintain their levels of investment, both grant and mainstream, in effective prevention work. This Government must be clear that local government plays a vital role in delivering crucial services across communities and should be a spending priority, rather than taking more than its fair share of the burden.

I am also extremely concerned about the knock-on implications for regeneration in my constituency. Excellent work has been done by the Denton South Partnership in Haughton Green, one of the deprived parts of my constituency. This has been a model of effective partnership working, bringing together all the agencies such as the council, the primary care trust, the police and local housing associations. I pay tribute to the work of David Howarth, the chair, and all the members of the partnership. However, such a proactive approach to solving problems will go if all the partner agencies face the same budget reductions, which will lead to massive disinvestment in the communities where help is needed most.

I turn briefly to the Stockport part of my constituency, where there is also a great deal of concern. Cuts of £1.69 million to the area-based grant—

Toby Perkins: My hon. Friend is highlighting the extent to which the cuts, which would not have been made under a Labour Government because of our commitment to supporting people in their efforts to get work, will be targeted at the most deprived people in our communities. Does he agree that targeting areas in which disadvantaged people are out of work is a particularly cruel measure for this Government to take?

Andrew Gwynne: It is, and I agree fully with my hon. Friend. Parts of my constituency are still trying to recover from the previous Tory Government's attack on those communities, despite the great work of the last Labour Government, and that progress needs to be maintained.

The area-based grant is finance used to help various services, such as those for deprived and vulnerable children. What is the alternative to cuts in services such as family intervention? If those services are cut locally, more children may be taken into care because there is no early intervention to fix problems quickly, which would cost the taxpayer significantly more. It costs approximately £24,000 a year to take a child into care. The cuts could well impact more harshly on less affluent areas of Stockport, such as Reddish. Liberal Democrat Stockport council does not do anything like enough for its most deprived communities, including the Reddish wards. I am concerned that they will be an easy target for the kind of cuts we now face. So there are a number of concerns for constituencies such as mine, because the Government's announcements will hit a host of services that affect local people. It is clear that the areas that will be most affected are poorer areas in the cities and metropolitan boroughs. Labour has a strong record of increasing funding for local authorities in those areas and using them to deliver national priorities by harnessing the best locally.

This Government clearly have a new view of localism, which does not take much account of local people. These cuts fail, as they break all promises not to balance the books on the backs of the poorest, and they show that the Government's claims of fairness are pretty empty and do not seem to look much beyond the world outside the comfortable home counties.

Several hon. Members *rose—*

Mr Deputy Speaker: I am sure that Members will wish to respect the conventions associated with maiden speeches; I call Paul Uppal.

5.30 pm

Paul Uppal (Wolverhampton South West) (Con): Thank you, Mr Deputy Speaker, and may I belatedly congratulate you on your elevation and appointment? I also congratulate all Members who have delivered their maiden speeches in this House. I have been privileged to listen to many discussions and many maiden speeches, and I have waited patiently, deliberately not rushing to make this speech—after all, in reality, I have probably been waiting for more than a quarter of a century to make this speech. That long wait commenced during a particularly inspiring lecture by one of my A-level politics tutors on a wet Wednesday afternoon, so a few weeks, and indeed a couple of hours, are a small price to pay.

I have not traditionally been an individual who has subscribed to a fatalistic view of life, but I have found my scepticism tested by the fact that my majority of 691 that has bought me to this great House is exactly the same as that of another young Conservative Member of Parliament who won the seat of Wolverhampton South West for the first time in 1950—one Enoch Powell. I make that statement with my tongue firmly pressed against the inside of my cheek and an ironic smile on my face. I also appeal to all Members of the House to take me to one side and proofread any of my speeches should I feel compelled in 18 years' time to make a controversial speech at the Midland hotel. That is unlikely to happen, primarily because the hotel is no longer there, but I have lived enough of a life to know that one should never say never—I ask the *Hansard* reporters to note that my tongue is now firmly affixed to the other side of my cheek.

Am I here as the product of karma or kismet? I do not know, but I do know that by uttering those words I have probably created some confusion among those who record our statements, as I have introduced some Punjabi words into the rich texture of the records of *Hansard*. I have to state that I felt honour-bound to do that as I am the first Sikh Member of Parliament to sit on the Conservative Benches.

As is customary during these speeches, I would like to pay tribute to my predecessor, Rob Marris. During the last few weeks of the election campaign, although we were political adversaries we did manage to have many convivial chats and conversations, and during those last few weeks I found Rob to be a man of his word and a thoroughly decent bloke. He was an assiduous consistency MP and will undoubtedly be a tough act to follow, but I will endeavour to fill those extremely large shoes.

In terms of the Wolverhampton South West constituency, perhaps one of the most impressive sights to meet anyone coming in from the city centre is the Molineux stadium, which is home to Wolverhampton Wanderers

[Paul Uppal]

football club. I am delighted to say that I am a season ticket holder and fan, and I am even more delighted by the fact that we stayed in the premiership this year. The seat is entirely urban and it is also home to the *Express & Star* newspaper, the country's largest regional newspaper, which reaches more than 136,000 regular readers. One thing that does stand out for the *Express & Star* is that, uniquely, it has more than nine editions, covering local areas across the west midlands and maintaining a community base that is not just Wolverhampton-centric.

The constituency is also home to the brewer Marston's, and only recently I was honoured to be present at the opening of its new visitors centre. I would heartily recommend anybody visiting Wolverhampton, including fellow Members, to sample our fine local ale during a visit to the constituency. I could speak at length about the history of the city and its prominent attractions, but that would be to miss out the greatest strength and asset of Wolverhampton—its people. Wulfrunians are famed for a no-nonsense approach to life; they say it as it is, approaching life with an open mind and refreshing honesty. In many ways that attitude mirrors my own personal experiences of growing up in a Sikh family. It is a Punjabi tradition to live life to the full and with "dhel"—that is a Punjabi word for a generous spirit and courageous heart. That, in essence, sums up the vast majority of Wulfrunians. One will not find a city populated by a more decent people, who always speak straight from their soul. As my family always told me when I was growing up, "Real friends will tell you the truth. It is acquaintances who will tell you what you want to hear."

In Wolverhampton, I have spoken to representatives of various bodies about health care in the city, and that is why I have chosen to make my maiden speech in this debate, which is essentially about funding. We have the Phoenix centre, a walk-in centre that offers a wide variety of treatments, along with the Gem centre, which I passed every day during the general election campaign. However, through my discussions with various individuals and numerous bodies I have uncovered a great deal of frustration with the fact that for the last six years, under the last Government, just under £100 million of private investment in health care provision in Wolverhampton had not been spent, after discussion after discussion after procrastination. It would appear that after years of waiting to spend this money, we now have a stalemate and it seems likely that with the passage of time, Wolverhampton and my constituents will have missed out on more than £100 million of investment in health care because of dithering, indecision and inaction. I am not interested in apportioning blame, but have chosen to raise the matter as I feel passionately about it. The issues raised by such inaction could provide guidance to legislators and executives both nationally and locally. I am stoical in my view that we cannot change what happened yesterday, but we can change tomorrow.

To get to the nub of the issue, Wolverhampton has been involved in a dialogue with a LIFTCo—a local improvement finance trust company. A LIFTCo is essentially a PFI initiative to push forward service-led initiatives to bring about radical change in primary and social care. We can talk long and hard about the pros and cons of PFI initiatives, but, through my discussions with various bodies, I have discovered that total inaction is universally perceived to have been the worst option. I shall not go into the minutiae of the detail, but essentially the public and private sectors have come together in good faith but, over a period of time, either the private sector has lost faith or the project has fallen away, as everybody feels that they are at a total impasse. I feel that the reason for that is that, eventually, somebody has to make a decision and ultimately take a risk. In the past few years, "risk" has become a somewhat dirty word associated with young men wearing garish braces and shouting colourful language across trading floors, leading ultimately to the likes of us picking up the bill for their recklessness. That is the point—in essence, I am talking about calculated risks and about people moving outside their comfort zone.

Perhaps I can illustrate my point more graphically by reciting another conversation with a similar colleague who has done a great deal of work on the role of young men in street gangs. I know I am veering away from the issue of health provision, but the subject of individual risk-taking is just as pertinent. My colleague spoke to many young men about their dreams and hopes and why they had eventually become gang members. One individual story jumped out more than the others. A group of teenagers would regularly meet at a park and it happened that their central meeting point revolved around a set of gymnastic parallel bars. There was a pecking order and young men would impress their peers and, importantly, young women by showing off their prowess on the bars. One day—almost inevitably—somebody fell off and, because of the resultant scratches and bruises, the local council felt honour-bound to remove the bars after health and safety got involved. After a few years the youngsters had formed a gang and a pecking order became established, with antisocial behaviour becoming a badge of honour.

Having been a young man once, I can vaguely remember the desire and the engine that would drive a person to seek acceptance and admiration from their friends and to impress members of the opposite sex. Luckily for me, a sports field was my arena, but it comes back to that basic point: if we endeavour to eliminate risk, we emasculate society and it appears that young men in particular feel that acutely. To put this as bluntly as possible, in terms of our public-private service providers we need to put radical thinking and calculated risk taking and decision making at the centre of provision.

The motives of officers should not be just their salaries and pension pot at the end of their careers. I am under no illusion that this will be easy, but I dare say that governance of any sort over the next few years will be challenging. I—like many Members, I suspect—am always interested in the discussion of ideas, but some have said to me that that does not always happen in the Chamber with the new modern politics.

Forgive me if I have strayed on to controversial ground, but as I suggested earlier, straight talking and a no-nonsense approach is the Wolverhampton way. In that vein, I would make a plea for all Members to revisit the issue of postal voting fraud, which, I am sad to say, appears to be alive and well in many of our metropolitan areas. Since I was elected, I have been approached by numerous individuals in my own constituency who have spoken to me about the issue. In my case, it worked against me; I would say to Opposition Members that

there might be cases where it will have worked against them. In any event, we are all very much at a crossroads. I can envisage a time soon when very easily and quickly we will all face an escalation of a fraudulent race here, as each side endeavours to outdo the other. I hope that Opposition Members will trust my motives for wading into this area, as it damages us all in this House and damages our reputation as a country.

It is all too easy to stereotype the motives of Members as partisan, mischievous or surreptitious. As a child, I often faced brutal stereotyping on my daily journey to school, but even more painful was the pigeonholing inflicted on me on my first day in a new primary school: I was placed in a remedial class for a few years because the natural assumption was that I could not speak English. I say that to illustrate that we are almost all guilty of occasionally judging a book by its cover. So when the Conservatives are castigated for being uncaring over the next few years, I ask hon. Members to remember that I am somebody's son, father, brother, husband, cousin and friend, and that in their eyes one could not find a person further removed from that caricature.

I thank hon. Members for their patience and indulgence in letting me speak, and I hope they will forgive me if I have troubled any sensibilities. This great House is nothing if not a reflection of the individual stories of its Members, and I hope that by adding my perspective I have added to the strength of its foundations and the breadth of debate.

5.40 pm

Mr Clive Betts (Sheffield South East) (Lab): Let me begin by congratulating the hon. Member for Wolverhampton South West (Paul Uppal) on his excellent maiden speech. He certainly covered the attributes and aspects of his constituency. I congratulate him on the special place that he has achieved in parliamentary history and in the history of the Conservative party. It was good to hear his very generous comments about his predecessor, Rob Marris, who was respected for his honesty, integrity and friendship on the Labour side of the House. I think that is appreciated.

I was just having a brief discussion with my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) and my hon. Friend the Member for Penistone and Stocksbridge (Angela Smith) about the good things that come out of Wolverhampton. Unfortunately, Wolverhampton Wanderers managed to sell to Sheffield Wednesday one Leon Clarke, whom the hon. Gentleman might remember. Leon Clarke finally scored a goal in the last game of the season, when we were struggling to avoid relegation. In celebrating his wonderful goal, he ran to the advertising hoardings and kicked them, breaking his toe, and was then substituted. I do not think it is true that everything that comes out of Wolverhampton is necessarily first class and admirable.

Let me move on to the debate. The Opposition have made it very clear that we have major reservations about the immediate impact of the cuts and about the proposals for the medium term. We believe it is unnecessary for the cuts to come immediately and that they go too far in the immediate term. We also believe that they are unfair in a number of respects. Bringing in cuts part way through the year has forced local councils to make the cuts that are available to them, which are not necessarily the cuts they would make if they had a bit more time to plan and bring them in properly. We also disagree fundamentally with the way the cuts have been targeted at funds that are themselves targeted at areas of deprivation. They are cuts against deprived communities, and they are the sort of cuts that the Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), would have been on his feet protesting about only a few weeks ago.

I want to raise two concerns about where the Government are headed—with their approach to housing and their approach to the general cuts to local government that will be announced in the next few weeks. I did not get an answer earlier from the Minister for Housing about housing targets: he said that the Government did not have any. I did not get an answer about likely numbers, how that area will be funded or what the funding mechanisms will be. I have a real worry regarding the comments of Liberal Democrats about the last Government not building enough houses. I have some sympathy with those sentiments because I think that although we did brilliantly on the Decent Homes programme, we did not build enough social houses to rent. That needs to be rectified, but does any Lib Dem in the House seriously believe that this Government will do better, when they have no idea how that will be achieved? That is complete nonsense.

The problem is that people are going to be much more careful about committing themselves to buying a house as we head towards a situation in which spending will be reined in, people will be fearful of losing their job, wages will fall and benefits will be cut. The likelihood is that the housing market will stagnate, at best, in the next few months. Whether a double-dip recession and the economy going down will produce a slowing down of the housing market, or whether a slowing down of the housing market will produce a double-dip recession, is a chicken-and-egg argument. The likelihood is that economic activity will stall and the housing market will stall.

If fewer people feel able to commit to buying a home, there will be more pressure on social renting and local authority waiting lists, so what have the Government done? The first thing they have done is to suspend the Kickstart programme and schemes whereby local authorities were going to build houses directly for the first time in a long time. Labour and the Lib Dems welcomed that approach when it was introduced, but the Lib Dems are now cutting and stopping it. That is the reality of the situation. If local authorities are no longer allowed to build, what are the alternatives? I have not heard any. We have been promised an announcement at some stage in the future.

We have also been told that the reforms to the housing revenue account have been put on hold. That was one of the few opportunities for local authorities to return to council house building. If they could depend on a given rental stream for the future, they could perhaps use prudential borrowing for that purpose.

The housing association building model depends on cross-subsidies from the selling of homes. If the private sector housing market is stalled, those cross-subsidies will not be available. We do not know what will happen to social housing, because there is complete silence from the Government. All we know is that people who are in social housing will have a tougher time with the housing benefit rules, and some may be forced out of their houses into private rented accommodation.

Caroline Flint: What does my hon. Friend make of the idea of providing help for people who wish to move to another part of the country to find work? None of us would oppose such an arrangement, but given the absence of any policies to create more affordable housing opportunities around the country, how exactly would it work?

Mr Betts: Obviously it would be up to the Government to make any such announcement, but the idea that people should move from communities in the north, where there may be enough housing, to find jobs in the south, where there is a particularly chronic housing shortage, beggars belief. What would people on waiting lists in the south think of someone who arrived there and said, "I will have that house as a matter of priority, because I am moving down here to work"? The policy has not been thought through.

If any Member on the other side of the House can tell me where the mechanism and the funds will come from to enable new social rented housing to be built, I ask him or her to stand up and do so. So far, I have heard nothing from either the Conservatives or the Liberal Democrats. There are no funds for council house building—they have been stalled—and the funds for housing association building are limited. Given the reduction in cross-subsidy from the selling of homes, any money that the Homes and Communities Agency may have to fund housing association accommodation will produce fewer houses. Fewer social houses will be built as a result of this Government's policies, and I am aware of no commitment from Ministers to rectify the position.

What will the Government do about the overall funding situation? We have heard about 25% cuts, and also about protection for education. Presumably Departments other than those dealing with schools and defence will take a bigger hit. We are assuming that councils will receive at least 30%, but the arrangement is not fair, because we will have to protect adult social services and children's services. What is left? Libraries, parks, recreation, street cleaning, the environment and refuse collection. It is no use the Secretary of State telling local authorities how to collect their refuse. Will they have the money to pay for one refuse collection a week?

Then we must consider the differing impacts on various councils. I opposed individual council tax caps when our Government introduced them, and refused to vote for them, but let us assume that they are imposed now. At least authorities will receive the same amount of money from council tax, but there will be cuts in their Government grant. Councils with the most deprivation in their areas receive a bigger amount of grant than those with the least deprivation, which receive more of their money from council tax. Council tax is to be frozen but Government grant is to be cut by 25%, which means that the councils that will suffer the biggest cuts in their overall budgets are those with the most deprivation. That is unfair, and we fundamentally oppose it. The Liberal Democrats used to oppose it as well, and it is time that one or two Members on the Government Benches, including the Minister, started to explain how they will make the system fair.

The fact is that the most disadvantaged councils and communities will be hit hardest by the 25% cuts in Government funding. In their areas, library, recreation and street cleaning budgets will be cut in half. If the Minister does not agree with that, he must explain why my figures are wrong. If such facilities as adults' and children's services are protected from the 30% cut in the grant, the impact on other services will be dramatic, especially in areas that receive a large amount of Government support because of deprivation.

George Hollingbery: I look forward to working with the hon. Gentleman on the Select Committee. It seems from his eloquent speech this afternoon that I have a great deal to learn. I have to say, however, that I am a little tired of Opposition Members targeting the "Tory shires", as if that were a pejorative term. We rightly receive less Government support for our citizens than more deprived boroughs, and I accept and understand that. However, the spending that comes to us is for our more deprived citizens, and cuts to our budgets, which have not been topped up as much over recent years as those in others places, are very important to us. We may be wealthier parts of the country, but the people we are looking after are not.

Mr Betts: In the end, the Government grant reflects the amount of deprivation in an area. Clearly, there are deprived people even in affluent areas, but it is about the total amount of deprivation. Certainly other communities have more deprivation and that is why they get more Government funding and they will be harder hit. That is the point that I am making.

Right at the end of the Minister's speech we got a vague mention of Total Place. It is important that it is developed, but it should not be seen as a panacea. Total Place is at the pilot stage; it has produced some very interesting results and ideas about how public money can be spent better across Departments. The Government have to allow local authorities to take the lead on these matters. The DCLG must get a grip of its colleagues in other Departments and let go of the controls that exist, but that will not deliver overnight savings of 25%. We will not achieve 25% or 30% cuts by efficiency savings; there will be real damage to public services. We must recognise that, and the Government must explain and justify the cuts.

The Secretary of State says that his three priorities are localism, localism and localism, but let us take what the Minister said about refuse collection and people in town halls dictating things. Where is the dictation? The Secretary of State in his new spirit of localism is telling every council in this country how it must empty the bins. It is absolute nonsense. How can we have any trust or faith in a Government who talk about localism and setting local councils free when that is one of their first policy announcements?

It is clear that the Budget package was regressive. That has been shown by the Institute for Fiscal Studies. There was an interesting report in the newspapers at the weekend of an investigation into the totality of the Government cuts by Tim Horton and Howard Reed on behalf of the Fabian society. It showed that when one takes not merely the tax changes but the housing benefit changes and the spending cuts, including local government spending cuts, the poorest 10% of our community will have their spending power cut by six times as much as the richest 10%. That is the impact of the Government's policy. The Budget was not fair and the cuts that have been made so far to local council budgets are not fair. The deficit is truly being cut on the backs of the poorest in our communities.

5.52 pm

John Hemming (Birmingham, Yardley) (LD): I congratulate the hon. Member for Wolverhampton South West (Paul Uppal) on his excellent maiden speech. I am pleased that other hon. Members share my concern about how easy the Labour party made it to defraud the electoral process. Obviously, people know in Birmingham how the Labour party stole 4,000 people's votes in Bordesley Green ward and that 273 votes were arrested in Aston ward.

I must explain where I come from. I was a city councillor for 18 years. I believe that local government can do a lot for the communities that it serves. Local councillors from all parties have at the heart of their objectives to serve the whole community, so it is sad that we find ourselves in this situation. Let us recognise that. Part of the situation is an international problem; part of it is an exacerbation of the international problem by the failure of the Labour party. Like Germany, we should have entered this difficult situation in surplus. Instead, we have a deficit akin to that of Greece. Labour Members fail to recognise that there was a sovereign debt crisis in April across Europe. It drove up interest rates on sovereign debt for the countries with the bigger problems—the PIIGS: Portugal, Italy, Ireland, Greece and Spain. Those countries are having to make perhaps more extreme adjustments to their public sector spending than we are.

It is not unreasonable to say that the circumstances now are different from those in, say, March, and that we have to approach things in a different way. Six billion pounds is a lot of money, but it is a relatively small proportion of the deficit of £150 billion. Cuts of 25% in real terms are a lot, but 1% is a movement in the right direction. It is not a massive shift, but it is sufficient to reduce the interest rates paid on Government debt. By doing that, we do not have to make cuts as great as the Labour party would have done had it continued with its strategy, which I believe would have been derailed in any event.

Regardless of what we would like to do, we are driven down a route of making very serious economies. I do not think that people have fully recognised that. We had a debate earlier about 1.08% cuts as opposed to 1.1%. That pales into insignificance when we consider that we have to find 25% cuts in real terms, even over five years. We also have to recognise that it takes time to reorganise things.

The Opposition spokesman complained about Birmingham not spending all the money it had. Birmingham was well aware that financial difficulties were coming down the track and that spending all the money, as the Chief Secretary to the Treasury and the Labour party did—and then told us that we had no money—was not the right strategy. It is worth keeping some few millions in the cocoa tin so that when we face the difficulties after the general election we do not end up in such a mess that we say, "All the money's gone."

Birmingham made an initial announcement of £12 million savings. It is probably more like £20 million. Those figures can be worked out quite straightforwardly. They pale into insignificance when compared with what has to be saved over five years—£250 million to £300 million. That has to be planned now.

The hon. Member for Sheffield South East (Mr Betts) explained that we could protect adults' and children's services. I am sure he is aware that, of the budget of metropolitan authorities such as Birmingham and Sheffield, something like two thirds is spent on adults' and children's services. The schools grant goes directly to the schools. I am not sure that it will be possible to protect those services. Part of this debate has been the question, "Do we have to do this?" The answer is obviously yes. Another part of the debate is how we make cuts in an equitable manner.

Angela Smith: In Sheffield, the Lib-Dem council has followed a policy of redistributing money from deprived areas to the richer areas of the city. That pattern is now being replicated nationally. Is that fair?

John Hemming: I cannot comment on the detail of what has happened in Sheffield. I agree with the argument that deprivation has to be taken into account. There is no question about that. The idea of the pupil premium is that the money follows the individual rather than catchment areas from the national census. One of the difficulties with many of the calculations is that they have been done not on an individual basis but on a categorised basis.

The hon. Member for Sheffield South East makes a good point that if we cut the Government grant and do not look at the aggregate local government spend, that has an effect. There is an issue to be looked at there. People have asked whether we should cut 25% here, 26% there, 23% there and 27% somewhere else, or whether, given that we face such a severe problem, the same figure should be cut everywhere on a formulaic basis. I am quite tempted by the latter argument. I think that that method was used in Sweden, which faced a serious problem. It had the same sort of deficit and it went through the process of getting rid of it.

Chris Leslie: It took 10 years.

John Hemming: One has to make judgments on the time scale based on the effect within the markets. We are not talking about paying off the debt over five years. There will still be net borrowing in the fifth year.

Alison McGovern: Will the hon. Gentleman comment on how effective we will be in paying back the deficit, making these cuts in-year and cutting programmes to which commitments had already been made? Surely that is waste.

John Hemming: First, there needs to be an understanding of terms, because I heard the phrase, "paying back the deficit". However, the deficit is the forecast difference between income and expenditure in the financial year, the debt is the amount of money that the country as a whole has borrowed, and there is often a lot of confusion between the two figures. This year, if we borrow another £150 billion, that will be added to the debt, and next year, if we borrow some more, that too will be added to the debt. Although we are talking about reducing the debt during this Parliament as a proportion of gross domestic product, our financial strategy does not talk about paying back the debt in cash terms. In fact, at the end of this Parliament we will end up with a higher level

[John Hemming]

of debt, so in comparison with Sweden we cannot pay it back. We would like to do so, but we cannot do things that quickly.

We have to make people confident that the country is solvent. The country could be liquid at this stage without any great difficulty, but we have to make people confident that it is solvent and capable of paying back the debt so that the interest is paid. We are not paying back the deficit, however. The deficit is the amount borrowed each year. *[Interruption.]* I have another four minutes and am quite happy to explain to the Labour party the basics of finance, because there is a lot of confusion about debt and deficit. "Deficit" is the amount of money borrowed each year on a net basis—*[Interruption.]* I shall get through to Opposition Members at some stage.

Alison McGovern: I really do understand the difference between debt and deficit, but will the hon. Gentleman explain how the waste of cutting programmes in-year will help to reduce the deficit?

John Hemming: That will reduce the deficit because we will spend, and therefore, have to borrow, less money this year. That is not complicated. If we spend less money, we do not have to borrow as much, because the money that we spend has to be borrowed on the gilts market. It would be nice if the reduction were done more cost-effectively at times, but £6 billion is not so great in comparison with the overall deficit. It is appalling for local authorities to pretend that they did not know that cuts were coming down the track, that the country had a major financial problem and that they had to do something. There will be difficulties, but Total Place is part of the solution rather than the problem, and there is no question but that we have to do something.

In the past I have explained how, through various regulations, the people who go round and wash people's feet are different from those who go round and cut their toenails, because they have to have different qualifications. That is not an efficient way of providing public services. If, through Total Place, the same person can go round and wash people's feet and cut their toenails, that will be more cost-effective and involve less travel time—*[Interruption.]* The hon. Member for Nottingham East (Chris Leslie) should make an intervention if he wants to speak.

Chris Leslie: Did the hon. Gentleman mention in his manifesto that he would cut so much money from his local authority area?

John Hemming: Interestingly, we did not ring-fence anything in our manifesto. We were clear that there was a severe financial problem and spending cuts would have to be found. The Labour party revealed so little in its budgets and concealed most of the figures and budget cuts, so it was difficult to put all the figures together, but Members will find that, when I explained the situation in debates during the general election, I made it clear that we faced serious problems. If the Opposition are going to have such a row about what is a minor point compared with the overall magnitude of the difficulty, I do not know what will happen over the next few years. There are some real problems to face, and we need to maintain services.

The point that the hon. Member for Sheffield South East made about adults' and children's services was very important. In Birmingham we use the brighter futures programme, and there are ways of working more closely with the people whom we support in communities, and of working with mutual bodies to try to ensure that services are provided. There have been problems with assessment systems in the past. The simple approach of just changing the priority on assessment did not result in any savings, because off the back of that, all the assessments were changed. There are serious problems, and the Opposition should recognise that they are responsible for them. They should try to be part of the solution rather than the problem.

6.4 pm

Hazel Blears (Salford and Eccles) (Lab): I congratulate the hon. Member for Wolverhampton South West (Paul Uppal) on his maiden speech, which he delivered with grace and a sense of humour. I am delighted that he is the first Sikh Conservative Member and wish him the greatest of success. Grace and a sense of humour might well be qualities that will stand him in good stead in the coming months. I also congratulate you on taking up your position, Madam Deputy Speaker. I have no doubt that you will be a great champion of us Back Benchers.

When I came to this debate I thought, "Local government finance? It's going to be bland, techie, full of references to area-based grant, formula grant, specific grants, ratios and numbers," but I have been pleasantly surprised, because the debate has been lively and, on occasions, combative. That is quite right, because it shows how much all of us care about our local authorities and how important the services are to the people whom we represent. We must never forget that, behind all the technical jargon that we sometimes hear, we are talking about people who are struggling to bring up their children; people who are often trying to hang on to a job; people who are sometimes caring for their elderly parents, with the tremendous stress that that puts them under; and people who are looking constantly for work in this difficult economic climate.

Under this Tory-Liberal Democrat Government—I refuse to call it a coalition, because it is what it is, a Tory-Liberal Democrat Government—the prospects look extremely worrying. We have already had £6 billion of cuts, but the hon. Member for Birmingham, Yardley (John Hemming) said that that is not a great deal of money and does not know what we are all worried about. Well, I can tell him this: to my local authority it is a great deal of money. It is significant, but I have no doubt that further bad news is on its way, and that tremendous cuts will be made in the autumn. If they are signified by the same unfairness and north-south divide that we have already seen, Opposition Members will have a great deal to worry about. *[Interruption.]* I am delighted to welcome the Secretary of State, who has just taken up his seat on the Treasury Bench. I trust that he has hurried back from Bradford, and at the end of my speech I shall make a couple of remarks in which he might take a personal interest.

The Deputy Prime Minister once said that he wanted to see deep and savage cuts, and then he rowed back from that tremendously. However, he is about to have his wish fulfilled, and that is a bleak prospect. He also said:

"There will be no return to the kind of cuts we saw in the Thatcherite 1980s";

"We're not going to allow a great north-south divide to reappear";

and, most interestingly of all, that

"the coalition will ensure that the cuts are fair and we will protect the poorest and the most vulnerable."

He is wrong on all counts. He will face not only the wrath of his enraged constituents in Sheffield, quite rightly given his decision on Sheffield Forgemasters, but the anger of families throughout the country who will feel the brunt of the cuts that are made in local government services.

The Minister for Housing, the right hon. Member for Welwyn Hatfield (Grant Shapps), who opened the debate, claimed that the Government were essentially about fairness, and we heard about them wanting to hard-wire fairness into the country's DNA. Let us straight away end that myth about fairness. Salford still has high levels of deprivation, but we are going to lose 1.1% of our budget, and Salford is of course Labour controlled. If we look at the different impact of the cuts on neighbouring Trafford, which is Tory controlled, we see just how fair those cuts are.

Compared with Trafford, Salford has double the number of people on housing benefit and council tax benefit; 3,000 more unemployed people; average earnings that are £40 a week less; and almost double the number of children in workless households. So, how is it fair for the coalition to reduce Salford's budget by 1.1% compared with a cut of just 0.6% in Trafford? How is it fair that Salford loses £3.5 million and Trafford just £1.5 million? That cannot be fair, because we in Salford have made considerable progress since 1997. We have seen a huge fall in unemployment throughout our area, but people are still looking for jobs, and we need to get them back to work. We will not do that, however, by cutting the council's funding to tackle worklessness. The working neighbourhoods fund—cut. The future jobs fund—cut. That is short-sighted and damaging and will crush the hopes of many young people in our communities.

Angela Smith: Will my right hon. Friend comment on the fact that the working neighbourhoods fund areas account for 71% of the reductions in incapacity benefit claimants since 2004?

Hazel Blears: My hon. Friend has made the extremely important point that despite what some Government Members have said, the working neighbourhoods fund is a long-term programme that is beginning to get results. We are seeing from the evaluation that it works in an intensive, neighbourhood-focused way and is getting people from some of the most difficult cases of intergenerational unemployment back into work. What do we see now? We see a Government who profess to want to reform the welfare system and get people back into work cutting the very programmes that can succeed in our communities.

Nicky Morgan (Loughborough) (Con): Perhaps I misheard, but I thought the shadow Secretary of State said earlier that if his Government had been returned, there would have been £40 billion of cuts from their side of the House. Would any of the schemes that the right hon. Lady has just mentioned have been affected, or would other schemes, on which people also rely, have been cut instead?

Hazel Blears: We would have made cuts because of the deficit; we have been absolutely straightforward about that. However, we would not have taken an extra £40 billion out of the economy while the recovery was fragile. Wanting to get rid of the deficit totally in the space of one Parliament is reckless and damaging. We will see the effects in each of our communities in the months and years to come.

The one thing that I think we would have protected are the programmes to get people back to work. If we get people back to work, they will pay tax and national insurance and we will not pay out for them in benefits. That is basic common sense. Cutting the future jobs fund and the working neighbourhoods fund, and making sure that the young people involved face the dole, is totally the wrong approach.

We have said that there should be no return to the 1980s. I remember that, in the 1980s, two of my wards in Salford had 50% male unemployment—half the men were out of work. There was 70% youth unemployment. That sounds Dickensian now; it sounds like 100 years ago, but it was not. It was only in the 1980s, as a result of that last Tory recession. There is no way in the world that we Labour Members want to go back to those days.

In Salford, we were also eagerly awaiting a Kickstart bus service. That sounds like a small affair, but it would have linked the whole of the outer part of Salford with MediaCity and Salford Quays. There are fantastic opportunities in MediaCity for getting new jobs in the creative and digital industries. We need to have public transport, so that people in our outlying areas can take advantage of those new jobs. That bus service is now under threat as a result of the cuts. Does it not make sense to fund a bus service to enable people to access the jobs on offer, instead of asking—or even forcing—them to move home? That is simple, basic common sense, but the provision is going to be cut.

We have seen cuts of £600 million in the housing programme, £300 million of that in the market renewal pathfinder programmes: all are targeted at low-demand areas in the north of England. Again, we are seeing the Thatcherite cuts and the north-south divide, with a disproportionate effect on northern cities. We are also likely to see damaging cuts to the police services. If there are going to be 25% cuts—at the Home Office, for example—that will involve about 4,000 police community support officers. The Minister who will wind up the debate is a Greater Manchester Member of Parliament. I should like to hear from him just what effect the cuts will have on the number of PCSOs in Greater Manchester; as I am sure he will know, PCSOs are hugely valued by the community.

As the Secretary of State knows, I am always a constructive politician. I should like to say a word or two about the Total Place programme, which I set up when I was Secretary of State. It is not simply about squeezing out efficiencies—yes, it is about bringing back-office services together, having call centres, not having 10 personnel departments and not duplicating all our services, but it is also about much more than that. It is about integrating services, redesigning the whole way in which public services work, bringing together the budgets of policing, health, education, regeneration and economic development and saying to a local area, "That's your total budget. What are your priorities? What do you want to get out of that investment?" The local area then has the freedom to decide.

[Hazel Blears]

In Cumbria, total public expenditure on all those services is about £6 billion. That is a lot of money by anybody's reckoning, and I genuinely believe that if there is imagination and creativity about public service reform, we can make some cuts and big savings without necessarily affecting the front-line services on which all our people depend. Today I found out from the Library that the figure in Greater Manchester is £22 billion. If we bring together health, education and policing in Greater Manchester, we will see that we are often dealing with the same families with multiple problems, each relating to those public services.

When I was policing Minister and responsible for antisocial behaviour, we brought in the family intervention projects. We were spending £250,000 on each of the families involved; multiple interventions were not really changing their behaviour. When we got one worker with sufficient clout in the system to get health, education and policing all working together, the families cost us about £30,000. We called the worker a "muscular social worker"—and I can tell Members that they had to be pretty muscular. Doing that saved money, and 80% of the families changed their behaviour sufficiently for them no longer to face eviction for antisocial behaviour. The initiative saved money, it was commonsensical and it worked.

I urge the Government not to look at Total Place as simply an administrative efficiency measure; it is actually about fundamental service redesign. The Department for Communities and Local Government will need to press every other part of the Government to get on board. We have all tried our best, but Government Departments build empires and take power back to themselves. If we simply have cuts across the board without using our intellect and imagination, we will not make the progress that we want.

The Secretary of State has said that his priorities are localism, localism and localism. What we have seen today has given the lie to that. There has been no consultation with local government about the cuts. There has been no transparency; we do not know where £500 million of cuts are going to fall. There has been no involvement of local people. The Secretary of State's promise has proved about as meaningful as the Liberal Democrat pledge on VAT. He has a long way to go.

The cuts are a bit like those of the 1980s, as they are targeted on the poorest. There is at least one other consistency. When the Secretary of State was leader of Bradford city council, he was known—perhaps not entirely affectionately—as "the beast of Bradford". Teachers, caretakers, maintenance workers, crèche and nursery staff, social workers and council officers all lost their jobs. His ambition was to cut £50 million from the council budget and turn it into a holding company that met two or three times a year when the contracts would be handed out. Under the control of the right hon. Gentleman, Bradford city council was described as an example of Thatcherism at its most red-blooded. I wonder whether he told the people of Bradford this morning what he had in store for them. Heaven knows what he has in store for us, but we Labour Members will protect the poorest and most vulnerable, who depend on our council services. We will have no return to the Thatcherite 1980s.

6.17 pm

George Hollingbery (Meon Valley) (Con): I offer my congratulations to my hon. Friend the Member for Wolverhampton South West (Paul Uppal), whose eloquence was wonderful to hear. I am delighted to have been in the Chamber for his maiden speech.

The motion today is full of regrets and objections. It harks back to the programmes of the previous Government and makes veiled demands for the reinstatement of spending, but the context is an unprecedented deficit of £156 billion, bequeathed to the coalition Government by the Labour party. My right hon. Friend the Chancellor and many of his Front-Bench colleagues have spent several of the past few days rehearsing the reasons why we need to make savings. They have talked about the need to rebalance the economy, restructure our finances and grow the private sector.

The position in which we find ourselves is wholly unsustainable. As many as 30% of the work force in some areas of our country work for the Government. In 2015-16, social security and tax credit bills are projected to be £222 billion—that is, £3,580 for every man, woman and child in this country. Debt interest payments alone will rise to nearly 10% of all Government spending in the same period. Can it be any surprise at all that international markets have been spooked and that until last Tuesday, our share price—in the form of the price of sterling—was falling away on international markets?

Do Labour Members really think that there could not have been a debt crisis here? I assure them that there could. If credit spreads on UK Treasury stocks had started to move out, that would have been an unmitigated disaster for all of us—every penny borrowed would have begun to cost more and more.

That is the context of the coalition Government's proposals to make savings of £6.22 billion this year, in year, of which £1.165 billion is to come from local government. The question is whether this is a fair proportion for local government to shoulder, and the simple answer must be yes. Local government represents about a quarter of all UK Government spending, and the reductions proposed are about 20% of spending, so merely in straight proportional terms, this is a fair amount for local government to shoulder.

Of course, as we must all admit, any in-year cuts are very difficult to find; particularly those of us who have been in local government will understand that. With budgets already set, it is a serious challenge to row back. However, the proposals make it clear that huge efforts have been made to protect front-line services, and they make it easier for local councils to prioritise the programmes they feel are most important to their local communities. Including guarantees for funding for schools, Sure Start and other programmes, no council will see its revenue grants cut by more than 2%, and no region by more than 1%.

Formula grant totalling £29 billion has been protected, thus directly supporting front-line services as used by our constituents. Some previously ring-fenced grants have been freed up for authorities to spend as they see fit. This reduction, from 10.6% to 7.7%, represents a welcome first step along the road to phasing out ring-fencing altogether. I recognise, at this point in my remarks, that I am now going down the technical, dry, percentage route that we were warned about a moment ago. The

Government have committed to freezing council tax for at least one year, and will seek to do so in the following year, in co-operation with local authorities.

Looking at the motion before us, it is difficult to accept its argument that this programme

"fails to meet this test of fairness".

It seems to me that every effort has been made to ensure that these cuts have as little impact as possible on council tax payers and, of course, on recipients of services. More than half the savings come as reductions in revenue grants, but in total this represents two thirds of 1% of total revenue funding. Surely no one would suggest that that should be impossible for councils to find. The balance comes in reductions in capital grants, about half of which are specifically allocated.

A number of those savings will seem non-core to many authorities. In my experience, LABGI—the local authority business growth incentives scheme—is regarded by many local authorities as free pocket money. It has done very little to incentivise the building of new businesses, certainly in the area that I come from. I also believe that the housing and planning delivery grant has done little to increase the rate of building of houses and, in any event, current market conditions dictate that there is little that local authorities can do to influence completions at this stage. Even in more difficult areas, such as reductions in funding for the Department for Education and for Supporting People, the changes are targeted at non-core spending.

The motion asks us to condemn

"the failure of the Secretary of State to tell the House or local authorities where £504 million of cuts...will fall".

I believe that the figure of £504 million is derived from the excellent Library note on this issue. An avid reader of standard note SN/SG/5573 will have seen this text on page 4:

"Of the remaining grants, it was not possible to make allocations to individual authorities as, in most cases, the allocations have yet to be finalised".

It further says, on the same page:

"Section 4 of this note, reproduced from Annex C of the additional paper, explains the precise changes made to each grant and why, in some cases, it has not been possible to allocate the grant money to individual local authorities".

I recommend to Labour Members the detailed explanations on pages 9 to 13.

One smaller area of direct savings that I particularly welcome is the abolition of comprehensive area assessments. Having been involved in the "Baby Brother" version applied to district councils, I can personally attest to the uselessness and extraordinarily intrusive nature of these Big Brother-style information-gathering exercises. As the portfolio holder for performance management on Winchester city council, I was responsible for the production of much of the data required, almost none of which helped us to perform better or to manage anything better.

I have two examples that are particular favourites, one of which I will share with the House. It concerns the average time taken to re-let a council house. We had a number of council dwellings that were extremely hard to let, and we worked at that imaginatively and finally began to let them reasonably productively. However, our performance got considerably worse, because it was based on an average of the number of days taken to re-let a council house. That particular statistic took a lot of gathering and managing, but it never once contributed to a single change in a management decision or any improvement in services. The real point about nearly all those figures is that they were never used for anything other than to tick boxes. We collected the data, we sent it in, and the box was ticked. On a similar basis, I very much welcome the commitment to abolish the Standards Board for England. Never has an organisation been so abused for political and personal rivalries as this cumbersome and bureaucratic quango. I, for one, will not mourn its passing—nor, I expect, will many other people.

Finally, I would like to address the ideas involved in the Total Place initiative. I strongly believe that innovative local council officers and deliverers of local services are already more than capable of delivering changes such as those envisaged in Total Place. In southern Hampshire, we have PUSH—the partnership for urban south Hampshire—about which I had words with the shadow Secretary of State earlier, and the Integra arrangement for waste recycling. Only last week, I had a meeting with John Bonney, Hampshire's chief fire officer. He supports the ambulance service with community responder units that can often respond much faster than ambulance services, and he has saved more lives that way than he manages to save even through fire prevention. A huge amount can be done through initiatives such as Total Place, and that requires the breaking down of silos that was referred to a few moments ago.

My problem with Total Place is that the documents that back it up are of such byzantine complexity that I cannot find my way through them. The practitioner's guide is so full of flow charts, extraordinary diagrams and management-speak that I, as somebody with an MBA from a decent school in the United States, struggled to make head or tail of it. I therefore say this to the Secretary of State: let us not lose the principle of Total Place, but please let us not follow the terrible bureaucratic nonsense that appears to have been emerging as an end part of the process.

We all regret that cuts have to be made in local government spending at this time. However, these balanced proposals make those cuts in as fair a way as possible, across services in as balanced a way as possible, and without hitting front-line services more than is necessary. I commend them to the House.

6.27 pm

Heidi Alexander (Lewisham East) (Lab): May I, too, congratulate the hon. Member for Wolverhampton South West (Paul Uppal) on a very thoughtful and witty maiden speech?

It is with no pleasure that I stand here today to talk about the impact of the coalition Government's cuts on my constituency. Like many others who have already spoken, I fully recognise the need to reduce the deficit, but the cuts that have been forced on my constituents in the past few weeks are in no way fair or well thought out; in fact, the reverse is true. The cuts to local government are patently unfair. They run the risk of damaging our fragile economic recovery and, put simply, they are too much, too soon.

My local authority, the London borough of Lewisham, has already had its budget cut by £3.1 million for this year. London Councils suggests that the capital will

[Heidi Alexander]

lose £355 million in the same period. Of the 15 boroughs in London to suffer the largest overall reductions in their area-based grants, 13 are Labour-controlled authorities in places such as Newham, Hackney and Haringey—proof, if anyone needed it, that these cuts will hit the poorest parts of London hardest.

In Lewisham, more than £500,000 has been slashed from the Connexions service that provides careers advice to young people, £75,000 has been taken away from projects set up to tackle teenage pregnancy, and £425,000 has been lost from business support and enterprise development services—not to mention the axing of the £135,000 grant that enabled the council to provide free swimming for children and pensioners. These are cuts forced on Lewisham's Labour council by the Tory-Lib Dem Government.

These cuts do not make sense. Take the £425,000 of cuts to LABGI. Under the previous Government, the local authority business growth incentives scheme did exactly what it said on the tin—it provided money to reward growth in the economy. In Lewisham, this money was vital. I know that my experience of how it was used is very different from that of the hon. Member for Meon Valley (George Hollingbery), but I found that in Lewisham it made a real difference.

Despite being one of the most populous inner London boroughs, Lewisham has the third smallest business base in the capital. Roughly 70% of Lewisham residents who work leave the borough every day to do so, and more than a third of the work force are employed in the public sector, the highest proportion in London.

Last week the Chancellor spoke of an emergent private sector, with new jobs and companies springing up to replace what is lost in the public sector. He announced incentives for companies to set up outside London, and today we have heard more about the regional development fund. However, what about the parts of this capital city that need a bit of extra help? What about the parts of London that will be hit hardest by job losses in public services?

In Lambeth, Southwark, Lewisham and Croydon, 185,000 people work in the public sector, 30,000 more than the public sector work force of Tyne and Wear. In an era of public service retrenchment, where will the new jobs come from? LABGI could have provided some stimulus, and my fear for Lewisham is that the private sector will not magically emerge to fill the jobs gap left by what will be a decimated public service.

Let us be clear: the cuts in local government will cost jobs. The first swing of the axe has already meant job losses at Lewisham council, but the impact of the cuts to local government will stretch well beyond the town hall. Many private companies depend on public sector contracts, and as those dry up, so too will the jobs. Some 35% of Lewisham council's money is spent in the private sector. As the cuts start to bite, the amount of money spent with private companies will fall.

What worries me most about the package of cuts, though, is what it says about the approach that the coalition will take to local government over its whole term of office. The Secretary of State has allowed local government to shoulder nearly 20% of all the cuts announced in May. In October, of course, we have the spending review to look forward to. Will he allow the same thing to happen then?

The Chancellor has already indicated that virtually all Departments will be expected to make 25% cuts over the next four years. If that is passed directly on to local government, the consequences will be stark. Yes, savings have to be made and parts of the public sector have to work more closely together, but please let us listen to what councils up and down the country are telling us. Let us recognise that some budgets, especially in inner-city authorities, already face massive cost pressures—adult social care, environmental services and child protection to name but three.

Ensuring that the streets are swept regularly and that the bins and recycling are collected on time is the least that the public expect from their council. Ensuring that children can grow up in a safe and secure environment should never be put at risk because of money, and providing dignity for our older citizens is the least that 21st-century Britain should expect, but in the light of 25% cuts those things cannot be taken for granted.

Adult social care is probably one of the biggest challenges facing local authorities. Excluding money spent on schools, nearly £1 in every £3 of council money is spent on it, the vast bulk of which is spent on the elderly. In the next 10 years, the number of people living beyond 85 is expected to increase by 25% in London. In the home counties, it is expected to increase by 100% in the same period. How we finance care packages for the elderly has to be addressed, not by scaremongering about death taxes and the like but by having a grown-up, sensible debate about the options.

My nan recently passed away after three years in a nursing home. She sold her house to pay for her care, using her modest savings as well. My parents did not begrudge the use of her money to pay for her care, nor did I. She was looked after in the way that I would have wanted at the end of her life, and that was all that was important. What I do begrudge is the fact that the system is not fair. My parents did not play the system to shift the cost of her care on to the state, but others do. It is local councils up and down the country that, year in and year out, have to deal with the implications of the unfair system that is already straining under the escalating costs associated with demographic change.

As others have said, we must not consider local government in isolation from other public services. Under the previous Government, Total Place explored how to deliver better public services for less. However, as was said earlier, it was not about slicing great big chunks out of existing budgets but rather about doing things differently. The Government's Back Benchers constantly bray about the Labour Government and what Labour would have done to reduce the deficit had it got back in. I accept that Total Place would not have provided immediate answers, but I believe that in the longer term, we can transform our public services by working more closely together across organisational boundaries rather than by directing money off into an ever-increasing number of silos.

Finally, I ask the Minister how he would go about explaining to front-line social care staff that 30% will lose their jobs because the private sector has shrunk nationally—by much less than that, it has to be said. The state should shrink, but why should it shoulder such a high proportion of the burden? The new Tory-Liberal

Government are going beyond Thatcherism in their determination to scale back the state. They claim to be doing it in the name of cutting the deficit and building a big society. Call me cynical, but it seems to me that it has much more to do with ideology than anything else.

6.35 pm

James Morris (Halesowen and Rowley Regis) (Con): I, too, congratulate my hon. Friend the Member for Wolverhampton South West (Paul Uppal) on his fine maiden speech.

I know that Opposition Members want to fight the battles of the 1980s, and it is important to set this debate in its historical context. As all hon. Members will know, successive Governments have centralised power to themselves over the past 50 years. We live in one of the most centralised countries in the developed world in terms of the relative powers and funding of central and local government. Over the past 30 years there have been several reviews of those powers, going back to the Layfield and Lyons inquiries. In the last Parliament there was the Communities and Local Government Committee report on the current state of central-local relations, so a lot of blood has been spilled in the debate about the financing and funding of local government over the past three decades. There has been a lot of philosophical inquiry but very little action. The current economic and fiscal crisis provides a unique opportunity for those of us who have been banging the drum for decentralisation and localism over the past two to three years. That is why I welcome the coalition Government's commitment to a fundamental review of local government finance.

In 1890, 23% of local government revenue came from central grants, with the rest coming from local taxation. As we stand here today, that position has been almost completely reversed. The central point of today's debate, which has revolved around cuts and the 1980s, is that, as we all agree, we have rising demand from the public for services. We also have rising expectations from citizens and users of the services provided by local government, and a public perception that local government is accountable for the delivery of those services. However, as hon. Members have pointed out, local politicians control democratically only 5% of total local expenditure, with myriad other organisations spending the rest. As many Members have said, we have a unique opportunity today to rethink some of the assumptions on which the powers, functions and funding of local government are based.

The Opposition talk as though the idea of cuts in local government spending were an invention of the coalition, but if we look back at the Budget of 2008-09, we see that the previous Government were already contemplating local government spending cuts in excess of 20% over four years. There is a considerable mismatch between the last Government's rhetoric and their reality.

The first half of the previous Government's time in office was characterised by what I would call a Prescottian regionalisation—the creation of a great deal of institutional complexity and an unaccountable regional tier of government that served little or no purpose. The second half of the previous Government's time in office—the right hon. Member for Southampton, Itchen (Mr Denham) played a part in that—was spent in an attempt to unravel the mistakes of the first half.

Mr Kevan Jones (North Durham) (Lab): I am fascinated by the hon. Gentleman's history lesson, but I must point out that a Conservative Government—the Thatcher Government, I think—introduced regional offices and regionalisation.

James Morris: Under the previous Government, that regionalisation became an embedded policy. It was unaccountable, undemocratic and served no purpose in economic development or improving local government's accountability.

Mr Jones *rose—*

James Morris: I will not give way again.

Despite attempts by Labour Ministers in the Department for Communities and Local Government to get traction on the localist agenda, there was no commitment to it from the top. The Prime Minister and other Cabinet members simply had no trust in local government or communities and were philosophically unable to let go and let local government get on with its job.

Institutional complexity goes to the heart of the relationship between central Government and local government in this country. In the past two decades, particularly the past 13 years, it has been characterised by excessive, top-down, performance management culture. Recent figures show that the annual cost of regulating local government from Whitehall was estimated at more than £2.5 billion. The distorting effects of that top-down performance culture could be considerably greater on the shape and management of public services in this country.

The right hon. Member for Salford and Eccles (Hazel Blears) elevated the debate with her discussion of Total Place. I agree that the recent Total Place pilots revealed the true cost of not only compliance but public spending flows in local areas. We certainly need to build on that. Her example of Greater Manchester was compelling and shows that, once we get a grip on and an understanding of the total public expenditure that flows through an area, the implications for the shape and potential reform of public services, and the relationship between local government, the health service, the police and other aspects of delivering public services locally, are great. We need to build on that. I am therefore grateful to the right hon. Lady because her contribution elevated a debate that had been characterised by a rather knee-jerk reaction to every single item of the cuts. If we are truly to start reforming the relationship between local government and other public services, we need to identify the precise public spending flows through different areas.

The performance management culture, which other hon. Members have discussed, needs to be stopped. I therefore greatly welcome the Secretary of State's removing the comprehensive area assessment. That performance management culture, which has dominated local government in the past 13 years, needs to be replaced by an age of innovation, spurred by the fiscal context in which we live. That is why I am keen for the coalition Government to press ahead with the work on the Total Place pilots. The fiscal position demands that we ask fundamental and difficult questions about local government's role in providing local services.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Given that the average budgetary cuts for local authorities are 0.7%, how can a 1.2% cut for a borough of mine, Redcar and Cleveland council, with

[Tom Blenkinsop]

some of the poorest rural wards, and a cut of 1.3%—the sixth highest in the UK—for Middlesbrough local authority, with some of the poorest urban wards, be justified? How can innovation be introduced equitably across local authorities if the budgetary cuts in some areas are double those in others?

James Morris: As other hon. Members have pointed out, we have to deal with the fiscal situation. Even if there had been a new Labour Government, local government would have had to find considerable savings and efficiencies to drive innovation.

Andrew Griffiths (Burton) (Con): In my constituency, unemployment trebled in just over two years under the previous Labour Government. Businesses and households in my constituency had to tighten their belts. They have had to make substantial savings in their business incomes and their business and household expenditure. If I told them that they had to cut just 1% of their household budget, they would think that that was getting off lightly.

James Morris: My hon. Friend is right. The disciplines of the private sector are valuable and, in difficult times, we must be spurred on our way by looking innovatively at how we deliver services. We should not be afraid. Some hon. Members were derisive about the idea of a limited local authority, but it is perfectly valid to view local authorities as commissioners of services, not necessarily providers of all of them. We should consider innovative relationships between local government, social enterprise and the voluntary sector, and innovative ways to protect vulnerable people through relationships with social enterprise and the voluntary sector.

Opposition Members also made derisive comments about putting information in the public domain. An open and transparent information-sharing culture for local government and the public sector is precisely one of the ways in which we will drive innovation, reduce cost and continue to deliver excellent public services. There is no contradiction between those things.

It is important that regional quangos, operating as agents of central Government, do not dictate to us. We have heard little about democratic accountability and local people in the debate. We must ensure that we revert to the idea that funds that are controlled locally are spent in a way that is democratically accountable to the people. I am sure that my constituents in Halesowen and Rowley Regis would look forward to that.

We have the opportunity to decentralise power and simplify the institutional complexity so that we can truly reconnect local government with 21st-century citizens.

6.48 pm

Alison McGovern (Wirral South) (Lab): I welcome you to the Chair, Madam Deputy Speaker.

I want to comment on two aspects of local government cuts that will affect the residents I represent in Wirral. I cannot claim to have as much experience of local government as some hon. Members, but I served as a local councillor for four years, which taught me a great deal about the impact that the cuts will have. I would like to bring that experience to the debate. I want to talk about employment in Wirral, our sense of place and the effect of the cuts on our localities.

In Merseyside, the future jobs fund helped 2,800 people find work. The impact of that cannot be underestimated. The employment picture in Merseyside, including Wirral, has historically been fragile. It was important that the Government stepped in during the downturn to help protect our position.

Richard Harrington (Watford) (Con): Would the hon. Lady like to comment on my research in my constituency, which found that the future jobs fund provided many people with short-term activities, but few long-term jobs afterwards?

Alison McGovern: I thank the hon. Gentleman for his intervention, and I would like to comment on it. It is too early to say, but I can comment from my own experience of meeting people—young people, especially—who have gained work through the future jobs fund. They told me that it was vital to keep their CV consistent over time, and that, although the job might have been short term or perhaps not in the sector they wanted to go into eventually, it gave them good, work-based experience that they could put on their CV. That could help them to find work, perhaps in a different sector, once we came out of the downturn. I cannot emphasise enough how important that continuity is. It was so important in places such as Wirral, and in Merseyside and the north-west generally, that the Government stepped in and helped to protect our employment picture. I shall say more about that in a moment. If we also consider the cutting of the working neighbourhoods fund, which was doing a great deal to address the really deep-rooted problems of unemployment in my part of the world, protecting employment through local government in Wirral starts to look a lot more difficult.

In a wider sense, we shall feel the impact of the regional development agencies being abolished in the emergency Budget. It is interesting to note that the Government seem to be all over the shop when it comes to RDAs. Perhaps the Minister would like to comment on the observations that have been made about listening to the views of local business, local authorities and perhaps local Members of Parliament on the importance of RDAs. The Budget has abolished them, however, and that will cause great difficulty in my area.

The local authority serving my constituents in Wirral has done important work on apprenticeships. The Government have said that they are keen to support apprenticeships, and that is fantastic. We all agree—brilliant! Let us get on with it! I do not see, however, how the local government cuts are going to help Wirral. We were at the forefront in providing the Wirral apprenticeships scheme, which worked alongside the private sector to increase the number of apprenticeships. The cuts will cast a shadow over the local authority officers who were working on that programme. I do not believe that the cuts will help to reduce the deficit over this economic cycle. I think that they will put people on the dole, which will increase the burden on the state. That is incredibly unfortunate.

Mr Kevan Jones: Does my hon. Friend agree that a misapprehension is being peddled—that making cuts in the public sector will have no effect on the private sector? For example, in local government in the north-east, £16 billion has been taken out of the county of Durham. That will directly affect not only suppliers to the county council but future building projects.

Alison McGovern: I could not agree more. If Conservative and Liberal Democrat Members do not agree with my hon. Friend and me, they are welcome to come and meet any of my constituents who run small businesses that have been helped by Invest Wirral or the regional development agency, or who have found apprentices through the Wirral apprenticeships scheme, and to ask them their views on working with the local authority, and on working alongside the public sector so that the public and private sectors can work together to address unemployment. That is the reality that we have seen over the past 13 years.

Richard Harrington: What should we cut, then?

Alison McGovern: I am glad that the hon. Gentleman asked me that, because there has been a misapprehension that Labour had no plans when we were in government, and that we did not set any of them out. That is all very convenient, but the proposals were in our March Budget. There was a great deal of discussion about efficiencies, about what we would have done with the future jobs fund and the working neighbourhoods fund, and about how we would have looked at those funding programmes. All the detail is in our March Budget. My problem with the proposals in last week's Budget is not that we have to make cuts or that we have to reduce the deficit; it is the timing.

I want to talk about place shaping, and about the things that make Wirral a great place to live. I have spoken before about the importance of sport, the arts and culture to who we are in Wirral. The cutting of the free swimming programme will not help the Oval sports centre in my constituency to be successful. The cutting of free school meals will not help Grove Street primary school to carry on its great work on increasing food sustainability and nutrition. Getting rid of the libraries modernisation fund will certainly not help Wirral to bring our libraries up to the standard that my constituents expect.

The cuts could, of course, help to reduce the deficit—I do not disagree with that at all—and there are certain efficiencies that we might need to look at. My argument is that we are talking about marginal amounts. Cutting the libraries modernisation fund will not have a massive impact on reducing the deficit. The thing that will reduce the deficit is getting people back into employment. If we cut the deficit at the expense of all the things that people have come to rely on, we shall see a hollowing-out of town centres, and the retreat of the Government from supporting people in the things that they want to do in their lives. I do not think that that would be worth while. The impact of the cuts on employment and on the things in our communities that we hold dear will be very grave in Wirral.

It is worth mentioning the differential impact of the cuts. Wirral will be hit a lot harder than those in nearby Cheshire, or in Oxfordshire, who will not feel the same impact at all. For the past 13 years, the Labour Government made great strides towards resetting the economy. People no longer had to leave Merseyside to get a job. We have done great work on that, and it needed to continue. I fear that this withdrawal of the state from our area will result in our sliding back into the problems we had before. The Government's proposals represent a withdrawal of activist government.

The Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), has spoken about removing layers of government, as though it were possible simply to cut away pieces of the work being done by regional development agencies or local authorities, and to hand the money over to someone else, in the expectation that the work would still be done. My experience of local authorities might be limited, but I believe that to be unrealistic. The regeneration practices that local authorities have developed should be prized and used, and their proactive work with RDAs should not be overturned overnight in order to remove a layer of government. That is phraseology for the sake of it, and I do not think that it will help our country to develop economically.

Andrew Gwynne: My hon. Friend is making an excellent case for regional development agencies. One of the important roles of the RDAs was to put in place regional programmes of investment for major transport schemes. Does she think a region such as the north-west would be able to put together a major programme of transport improvements if it were left to the individual local authorities from Cumbria down to Crewe?

Alison McGovern: It would not be able to do it. Travel-to-work distances are a problem in Wirral—compared with, say, south-east England—and we simply do not have adequate connectivity to centres of employment such as Manchester, Warrington and the north Wales coast. The RDA was doing fantastic work in addressing that connectivity problem, working hand in hand with local authorities. I do not think that the Government fully understand those practices.

Certain ideologies in the Government are driving the cuts. The first is that less government is better. Conservative and Liberal Democrat Members might say that, but I believe—please forgive the truism—that better government is better. This is not the time for the state to withdraw entirely. Secondly, the Government believe that pure deficit reduction is all that matters, and that reducing the deficit will itself drive growth if we demonstrate to the City and the markets that we are being tough. I do not think that there is any evidence for that. I am a great believer in evidence-based policy making, and I would like to see some evidence for that.

Gavin Barwell: The hon. Lady asks for evidence: a report from Goldman Sachs looks at every fiscal correction in major world economies since 1975 and shows that those based on reductions in spending work and actually boost growth.

Alison McGovern: I always look carefully at reports from the likes of Goldman Sachs, PWC and others—and one thing that being a local councillor taught me was never to believe at first glance what the consultants say. However, I will certainly look into the report that the hon. Gentleman mentions. I have an open mind.

The Government want us to believe that there is no alternative. I have mentioned already that Labour's Budget in March detailed much that we could do to find efficiencies, and talked about many of the things that we have heard from the Government. The question is not about reducing the deficit: it is about the timing and the manner in which it is done. I can only hope that my words today will make the Government realise some of the impact that their actions will have on my constituents in Wirral.

7 pm

Chris Kelly (Dudley South) (Con): Thank you, Madam Deputy Speaker, for calling me to make my maiden speech, and I congratulate you on your new position. I also congratulate my hon. Friend the Member for Wolverhampton South West (Paul Uppal) on his excellent maiden speech earlier.

Today is an Opposition day, so there are even more Labour Members than usual on the Opposition Benches. I am therefore more grateful than colleagues who made their maiden speeches in earlier debates that it is a tradition of the House to listen to a maiden speech without interruption or intervention. I am also pleased to see several fellow black country Members. I am incredibly proud to be black country born and bred. In fact, I could not be more proud of the area I have always called home.

As the new Member for Dudley South, I thank my predecessor, Ian Pearson, for his service to my constituency and its residents. From the moment that I was selected in September 2007, Mr Pearson was always courteous towards me—so courteous that in February this year he announced he would not contest the general election against me. Mr Pearson was elected in a by-election in December 1994 in Dudley West, and went on to hold several ministerial posts between 2002 and 2010. If I may say so, Graham Postles fought a valiant campaign for the Conservatives in 1994, but so much in politics is down to timing, and Dudley West was Tony Blair's first by-election as leader of the Labour party. It was therefore the first significant victory of the new Labour era, when Labour Members declared that they were the political wing of the British people. As they left the country on the verge of bankruptcy, that claim now has a hollow ring.

I also wish to pay tribute to the former Conservative Member for Dudley West, Dr John Blackburn, who sadly died following a heart attack in the Palace of Westminster in October 1994. I never had the pleasure of meeting John, but I know that he was widely admired by his constituents and even by his political foes. He was a hard-working local MP, and I intend to conduct myself during my time in this Chamber very much in the same manner. John's widow, Marjorie, is a supporter to this day and has been extremely kind to me during my time as the candidate in her late husband's old constituency.

If I may, I wish to pay tribute to the late former Member for Coventry South-West, John Butcher, or Butch as I knew him. If I won my seat, Butch and I were due to have dinner to celebrate and to discuss what he called the pitfalls of being an MP. Sadly, we never had the opportunity to dine together in this place.

Dudley South lies between Birmingham and Wolverhampton on the western fringe of the west midlands conurbation. We local people are fiercely proud of Dudley's own distinctive identity and heritage. The constituency is situated to the west of Dudley town centre and largely consists of residential suburbs and some rural fringes on the border of glorious south Staffordshire countryside. Wards include Brierley Hill; Brockmoor and Pensnett; Kingswinford North and Wall Heath; Kingswinford South; Netherton, Woodside and St Andrews; and Wordsley. Within my constituency, we have the Merry Hill shopping centre, now managed by Westfield, as well as the largest secure trading estate in Europe in the Pensnett estate, along with dozens of smaller trading estates employing many thousands of people in small and medium-sized businesses.

The businesses of Dudley South are the backbone of the British economy and typically employ no more than a dozen people each. It is the creativity and ingenuity of so many of my constituents—making, designing, building and fabricating myriad goods—that is so important to the viability of the British economy. I come from a business background and can see all around my constituency that the entrepreneurial spirit of local people is undimmed by 13 years of red tape, bureaucracy and increased taxation.

Many families in Dudley South are football households. The vast majority of my residents support either the Baggies—West Bromwich Albion, for those who do not know—or Wolves, as I do. In fact, I went to my first game at Molineux when we were in the old fourth division, and three of the four stands were then crumbling wrecks. Many of my constituents know me as a businessman from a well-known local company, headquartered literally in the shadows of the Hawthorns. However, for those constituents who are not Albion fans, I should add that the business also employs people in Kingswinford.

Not only am I proud of my constituency and my area, I am proud of my country. I am fortunate to have travelled extensively, but no matter how exotic or cosmopolitan the destination, I have always yearned for England. Part of that is the people. The people of my borough are decent people who strive to do the right thing by society and, most importantly, by their families. As they told me during the general election, they get frustrated when they see others ahead of them who have not "done the right thing". Their sense of fairness was seriously challenged by the last Government. I am pleased to see this coalition Government restoring that sense of fairness and balance while addressing the scale of the deficit and debts bequeathed to us. That sense of fairness has been severely tested over the last 13 years as we have seen neighbouring Sandwell metropolitan borough council receiving far more per head from Whitehall than Dudley metropolitan borough council. That massive disparity cannot be fair, and my constituents have also expressed their unhappiness in large numbers about many of the local government funded quangos with questionable track records of productivity and efficiency, and a democratic deficit, when my constituents struggle to make ends meet and pay their council and personal tax bills.

I was born in 1978 under James Callaghan, but I am a child of Thatcher. I was honoured to receive letters from the former Prime Minister both during and after the election, and they now hang proudly on my wall. Baroness Thatcher truly is a guiding inspiration. She comprehensively proved that one person can make a positive difference. My political interest began at the age of 14, when I wrote to the *Express and Star*, still the largest circulation local paper in the country, about the increase in the entry fee at the local swimming baths. I then joined the Conservative party in 1996 at the age of 18 when I arrived at university in Headington in Oxford, to be greeted by the beaming faces of my hon. Friends the Members for Huntingdon (Mr Djanogly) and for North Swindon (Justin Tomlinson). The former was at

that time the Conservative prospective parliamentary candidate for Oxford East, and the latter was the chairman of the university Conservative society. In 1996, who would have believed that, come 2010, Justin Tomlinson and I would join Jon Djanogly, who has been an MP for nine years already, on the Government Benches?

It is a huge honour to represent Dudley South in this Chamber, and I will work tirelessly to get a fair deal for my residents.

7.8 pm

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I congratulate the hon. Member for Dudley South (Chris Kelly) and welcome him to the House. He paid a decent tribute to his predecessor, Ian Pearson, and I too regret that he was not able to eat with John Butcher, whom I knew and who was a very decent man. I was warming very much to the hon. Gentleman's speech until his eulogy for Baroness Thatcher, who we remember in a slightly different vein in my city of Sheffield, compared with those new Members who see themselves as her children. Children can have a blinkered view of their parents, and sometimes we see them through a glass darkly.

May I apologise to you, Madam Deputy Speaker, if I am not here for the whole of the rest of the evening? To put it delicately, it is not just the dog's legs that are crossed.

I am pleased that the Secretary of State has returned from west Yorkshire. He may be able to confirm that the Prime Minister this morning did an interview on Real Radio in west Yorkshire and told the story of the making of the coalition. He invited the right hon. Member for Sheffield, Hallam (Mr Clegg) to supper at his house and presented him with ham and baked potatoes. I am not sure who was the ham and who was the baked potatoes. It might be apocryphal, but I believe that the Deputy Prime Minister asked the Prime Minister where the vegetables were, and the Prime Minister said, "You're addressing them later to put the coalition together". Of course, that is based on a very old story, and I apologise for recycling it.

I want to deal with issues of contradiction. Who, in this House, could not be in favour of decentralisation, devolvement and localism, which some of us have preached and practised throughout our lives? However, what is taking place is not the decentralisation of power, but the decentralisation of pain and of the implementation of policy that will cause pain; it is not the devolvement of decision making, but the devolvement of responsibility for actions taken by central Government that will have to be inflicted on people—I underline, on people—at a local level. We can take out so much resource and argue in the long term about Total Place, of which I am totally in favour, but we should not quickly take out the billions—not millions—of pounds that, over the next four years, will be withdrawn from local government. If we take one in four pounds—perhaps even one in three—out of local government spending, we will take it not out of bureaucracy, but out of the lives and well-being of ordinary people. As has been described this afternoon, the people who deliver adult services or child protection, who open and staff the leisure centres, who provide library services and clean the streets, are not bureaucrats; they are people delivering at the sharp end services that have already been pared back over many years.

I want to outline the danger, in this contradiction, of believing one's own rhetoric—I have done it, so I should know—because Members will find that it catches up with them. It is possible to play off one set of people against another, as the Secretary of State for Work and Pension did yesterday when he said, "If we don't cut the welfare budget more than we intend at the moment, we will have to cut it out of education, housing or other services." That will turn the nearly poor against the very poor; it will turn those who aspire to something better against those whom they resent. The hon. Member for Dudley South was right about people feeling that, on occasion, there is unfairness—we were victims of that feeling at the general election—but we should not mistake resentment for unfairness. People often feel resentment towards those who do not have a job and are on benefits; they often feel resentment that someone is getting something they are not. However, we must not mistake that for an issue of fairness, because fairness is about protecting those who are most vulnerable. In the years ahead, local government will not have the capacity, as we had in the early '80s, to protect our people.

In the seven years when I was leader of Sheffield city council, we experienced the most enormous reductions in the local authority budget at a time when we had a broader base for local government expenditure. We had the national business rate, as it is now known, and the local domestic rate. My hon. Friend the Member for Sheffield South East (Mr Betts), who has been kind enough to wait around this afternoon, took over from me as leader and had to continue dealing with those expenditure cuts. We were able to raise the local rate, and amazingly people continued to vote for us in a way that would not be possible today. However, if council tax is frozen—in other words, if it is capped universally—if resources are dramatically reduced, if the health service is ring-fenced and so unable to help by intervening and crossing boundaries, and if there is no longer joint funding, as there was in the 1980s after it was introduced by Barbara Castle, those services will inevitably be decimated.

If a party is really about cutting expenditure, not services—and I wonder whether some people in the coalition want to cut the latter and not just the former—it must do so over a substantial time scale. Otherwise, next year and the year after, there will be the most enormous cutbacks in expenditure—to pay for redundancy payments for thousands of local authority workers. The benefits that will have to be paid to them and the loss in tax and national insurance will add up to the billions that the previous Government managed to cut from the welfare budget—£4 billion a year was eventually saved by a reduction in wasteful expenditure on cutback and retrenchment.

We are in a dangerous situation. We might find that, having cut expenditure and services, resentment and bitterness arise in a way that will lead to the kind of disturbances and lack of social cohesion experienced in the early 1980s. Fortunately, Sheffield was the only major town or city that did not experience disturbances at that time. I hope that that will be true of Britain as a whole in the future. However, great care needs to be taken, not just to involve people, to talk to them and to learn what they can contribute towards their services, but to preven the plug from being pulled on other aspects as well. This year's round of cuts is so unfair

[Mr David Blunkett]

because aggregate external funding—to use a technical term—is designed for specific funding for specific purposes targeted at the most disadvantaged. That is what the area-based grant, the working neighbourhoods fund and the local enterprise growth initiative are about. Incidentally, the latter also triggers funding from Europe and external funding from elsewhere that will also be lost. Pull that out and we pull the plug on those services.

Some have said that we can un-ring-fence expenditure and everything will be fine. The Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb) gave me a written reply recently in which he referred to ring-fencing. It read:

"This flexibility means that reductions in spending could be managed without a reduction in jobs or frontline services."—[*Official Report*, 28 June 2010; Vol. 512, c. 423W.]

That is either duplicity or complete naivety. In the four years ahead, we cannot afford for ordinary people to have their services destroyed because Ministers and Treasury officials do not understand the consequences of their actions. If that happens, we will regret it for many years to come.

7.18 pm

Mark Pawsey (Rugby) (Con): It is a great pleasure to follow the right hon. Member for Sheffield, Brightside and Hillsborough (Mr Blunkett) and to be in the Chamber for the maiden speeches of my hon. Friends the Members for Dudley South (Chris Kelly) and for Wolverhampton South West (Paul Uppal). Their speeches distinguished themselves from those of the Opposition, who seem to be seeking to renew some of the battles of the past 13 years, and seem to have failed to recognise that the world has moved on.

It is appropriate that we are discussing local government funding in the context of the Budget debate of the past few days, which, it is important to remember, was an emergency Budget debate that arose as a consequence of the severity of the economic position in which the country finds itself—even worse than was expected. I want to consider why the local government funding debate is necessary and what other sectors have done already, and I want to put in perspective what local government is being asked to do and how it may do it. It is entirely appropriate that local government should make its contribution to tackling the budget deficit. Labour has left behind one of the largest budget deficits in Europe, and we are borrowing one pound for every four that we spend, increasing our national debt by £3 billion a week. The crisis in the eurozone shows that the consequences of not acting are severe, in terms of higher interest rates, sharper rises in unemployment and potentially even the end of the recovery. Those issues are recognised in the country.

It is now seven days since my right hon. Friend the Chancellor stood at the Dispatch Box and gave his Budget statement. As a new Member, I have had to come to terms with the massive amount of e-mail and letters that Members receive. On the Budget, I have had plenty of correspondence—from think-tanks and lobby groups—but since last Tuesday I have had very little from the electors in my Rugby constituency. The reason is that there was little in the Budget that electors were concerned about or surprised about—despite the protests of Labour Members, who do not want to hear about the true state of the public finances. The people in the country understand and support the measures that we need to take. These measures are necessary as a result of past mistakes, and the coalition Government have been forced to take strong and decisive action to sort out the deficit and ensure that confidence is not lost in UK markets. The public understand that the action being taken is unavoidable and that Britain must build a new economic model founded on the principles of freedom, fairness and responsibility.

The private sector has already borne the brunt of the recession, and it is important that this responsibility is shared by all of us. The private sector endured job losses and business closures during the dying days of the previous Government. Businesses have been forced to make savings, to cut back and to make redundancies, so it is only right that this pain is shared by all, because we are all in it together.*[Laughter.]*

I ran a business for 25 years, and I know that no matter how tightly run an organisation is, there are always additional cost savings that can be made. Here we are looking at additional cost savings of between 1% and 2%; they are there if people look hard enough. It is interesting that the Local Government Association briefing document issued today makes

"a comprehensive and open offer to Government to work with them to... reform the state to achieve the required savings".

That shows that there is clear acceptance of the need for savings and a desire to get on with them.

There are many examples of current public sector waste. The Minister told us about some of them earlier when he spoke about tranquillity rooms, cappuccino machines and Pravda-style magazines. An article in *The Sunday Times* of 13 June showed that local government still "doesn't get it", as it is advertising well-paid non-jobs. Brighton and Hove city council is recruiting four new "strategic directors" on £125,000 each; their job is to "look outwards". An "internal communications change consultant", the article also mentioned, is being recruited in Sheffield at a cost of between £380 and £400 a day. A "community development co-ordinator" in east London—

Mr Kevan Jones: I am fascinated by the hon. Gentleman's examples, but should he not be telling members of his own party in local government to practise what they preach, as most of the councils concerned are Tory and Liberal Democrat councils?

Mark Pawsey: The message is going out loud and clear: this kind of waste cannot go on and should not happen. It is entirely right for the Government to conduct a full review of local government finance and right that that review should restore to our councils a general power of competence. For far too long, councils have been dictated to by central Government. Reference has already been made to the estimate that only 5% of local government spending is controlled by elected councils. That means that of the £7,000 a head spent on local public services, only £350 is under local democratic control.

I was a councillor for five years, and in that time I became increasingly frustrated with Government interference, much of which prevent my colleagues and me from doing our job. It is for that reason that local

government has often been described as a delivery arm of central Government. We often took decisions not because they were the right ones for our community, but because the Government had told us that that was what they wanted us to do and they applied pressure through directives, centrally set targets, inspection regimes and the final sanction of taking away grants. It is refreshing for all involved in local government—both officers and councillors—that the coalition Government plans set out to provide councils with the freedom and the resources to concentrate on local priorities and deliver front-line services by stopping the ring-fencing of central Government grants.

Tom Blenkinsop: Does the hon. Gentleman regard the recent Department for Work and Pensions policy of "on yer bike" as a centrally driven target?

Mark Pawsey: It is not centrally driven at all.

The changes will be made by local authorities and I believe these changes, restoring freedom to local authorities, will encourage more people to put their names forward for the role of councillor. The previous Labour Government presided over more than a decade of economic prosperity during the '90s and the early part of this decade—and they should have been taking advantage of that; as we said, they should have been mending the roof while the sun was shining. They failed to do so, and it falls to the coalition Government to implement the efficiency savings, to cut the quangos and to reduce the regulatory burden, as is so desperately needed.

According to a PricewaterhouseCoopers report entitled "Mapping the Performance Landscape", commissioned by the Department for Communities and Local Government in 2006, it was estimated that a typical council spent £2.6 million a year in reporting performance information to central Government. The previous Government also failed to heed the warnings provided by the very councils that they so tightly guarded. In a comprehensive area assessment published in January 2010, the councils were warned that

"the burden of inspection has not been reduced as a consequence of Comprehensive Area Assessment",

and

"nearly two-thirds of respondents to the latest CAA watch survey disagreed or strongly disagreed that the burden of inspection was being reduced as a consequence of CAA."

It is time that central Government stopped smothering local councils and provided them with the level of authority they need to get on with their role of serving and responding to the residents who elect them.

I believe that Labour Members are overstating the effect of the changes that local government is being asked to make. We should remember that this is an emergency Budget in which local government is being asked to contribute £1.166 billion-worth of savings to the £6.2 billion of cross-government savings for 2010-11.

Toby Perkins *rose—*

Mark Pawsey: I am running out of time, so I will proceed, if I may.

Removing restrictions on how local authorities spend their money is a vital part of allowing them to deliver efficiencies and focus their budgets on front-line services. I refer again to the statement released by the Local Government Association, which understands the need for the plans that the Government are introducing.

In some areas, certain groups have had massively more than their fair share of funding, so it is only right that, during such times as these, they should reduce the burden. Let me cite the example of the £30 million that will be saved by ceasing the Gypsy and Traveller sites grant. Here is a relatively small community that has benefited hugely and, in my view, disproportionately from public expenditure and is a matter of great concern to the settled community in places such as Bulkington in my constituency. By way of showing that further savings can be made, I refer to my home Rugby borough council; by not replacing its chief executive, it is enabling savings of more than £100,000 a year. Another example is Warwickshire county council, which is estimated to have made savings of £19 million in value-for-money savings in 2008-09. So there are early signs that the councils themselves recognise the need for radical reform, which needs to begin immediately, and they are tackling the challenges posed by the new Government.

In addition to seeking savings in expenditure, the Government are taking steps to minimise the effect of council tax on individuals and businesses, and are providing support for hard-working families through a council tax freeze. They have demonstrated immediate support for front-line services by protecting £29 billion of formula grant. Unlike the Labour party, the coalition has listened to advice from those affected by poor over-regulation.

In conclusion, I believe the proposals on local government finance are reasoned and proportionate, and appropriate in difficult economic times, and I shall support the amendment.

7.30 pm

Caroline Flint (Don Valley) (Lab): May I welcome you to your new position, Madam Deputy Speaker? I know that you will watch over our proceedings carefully but firmly. I also want to congratulate the hon. Members for Dudley South (Chris Kelly) and for Wolverhampton South West (Paul Uppal) on their maiden speeches. The hon. Member for Wolverhampton South West, who is no longer in the Chamber, said we should think of him as a good and decent person, and I have no doubt that he is, but he is going to have his compassion—and, dare I say, his sense of social justice—tested by the proposals we are discussing today and those to come in the weeks and months ahead.

I also recommend that the hon. Member for Rugby (Mark Pawsey) look back at his speech today, because I think he has highlighted an important difficulty. Although we all want to decentralise, it can be tempting to suggest that we should take control when we think things are not being done quite right at the local level. He gave the example of the high salaries paid to some staff under the Tory-Liberal Democrat council at Brighton and Hove. That might point to another suggestion for the Secretary of State: that he should have some jurisdiction over local government salaries, as well as knowing about every budget over £500 that is spent in local government.

Mr Kevan Jones: Is it not the case that in my right hon. Friend's own authority in Doncaster the Government have appointed a chief executive on what might possibly be considered a very high salary?

Caroline Flint: Yes, they probably have done that, but I have to say that I am in full agreement with what my right hon. Friend the shadow Secretary of State had decided in relation to Doncaster, as it is important to get our services running properly, and the current Secretary of State has followed through that decision, so I do not think there is any disagreement between the two Front Benches on this. The proof of the decision, however, will be in what happens, and whether the salary paid to the chief executive is justified by our getting some results—sooner rather than later, hopefully.

The hon. Member for Rugby and others have said that Labour Members want to refight the battles of the 1980s. I can assure the hon. Gentleman that I do not want to do that, but neither do we want a return in our communities of the devastation that the '80s caused. Doncaster and other parts of south Yorkshire, as well as other areas of the country and of Wales and Scotland, have been on a journey over the last 13 years. There is a long way still to go, but progress has been made. Public investment went into detoxifying the coal pit areas in order to make them fit for other uses—to regenerate for leisure but also for jobs. That required a willingness to make sure that that land was not left barren and unusable by local communities. In '97, some primary schools had toilets that were outside and in a dilapidated state. We not only fixed the roof on many of our schools, but we brought the loos indoors so that the kids could use them appropriately and properly.

We have had to deal with a lot of work like that. As has been mentioned, we inherited housing stock that was by no means of a decent standard. We had to make some tough choices by spending money on improving that stock, while realising that that might prevent us from building more homes. Before the recession hit we were, however, up there, reaching our target of 240,000 newbuilds each year. Unfortunately, the recession got in the way, but we were on that journey, making progress.

Mr John Leech (Manchester, Withington) (LD): How many council houses did the previous Government build in the last 13 years?

Caroline Flint: Not enough, actually, and for the reasons I outlined. First, we inherited a situation in which councils where people had sought the right to buy were not getting money back from that in capital receipts. Under the right to buy, the better homes were, of course, sold off earlier, which meant that the housing stock that was left was very poor. We addressed how we might improve the social housing sector by looking at not only council housing but housing associations.

I must say that we also took some tough decisions with our own Labour authorities about how they should improve their approach to social housing across the piece. That included making sure that tenants in both housing association stock and council housing had more of a say. We wanted to get rid of the idea, which tarred the Labour party, that every council tenant had to have their front door painted the same because it was a council home. We brought innovation and reform into the sector, and we can be justly proud of that.

However much the Con-Dem Government pretend otherwise, it is clear that the cuts in local government funding will hit hardest not Tory and Liberal Democrat Members, or vast numbers in their constituencies—although I recognise that there are areas of deprivation in every constituency—but those communities and families who are vulnerable and need support, and which Labour Members disproportionately represent. Doncaster council has already had more than £4.5 million in funding cuts, and we have more to come: 20% of Doncaster funding—almost £80 million—is vulnerable.

As Labour Members have said, that money is linked to deprivation and need. Members on the Government Benches took issue with Opposition Members; they suggested, "You've had all the money coming your way. It's not fair that you've had all that money for your constituencies' families and communities." I do not take any joy in the levels of inequality in my constituency. I came into politics to make sure that people had a chance to have a better life and to address social, economic and health inequalities. In 13 years, we had improvements in our schools, improvements in health, improvements in housing and improvements in skills and jobs. The danger is that the journey stops here today because of the Con-Dem Government and what they will do, because they will stop that progress in its tracks.

In Doncaster, £800,000 will be cut from careers advice for young people, which helps young people to look for apprenticeships or full-time work. There will also be a cut of £150,000 in funding for activities for young people, including for disabled children and young people. Schemes such as the local enterprise growth initiative and the working neighbourhoods fund, which encourage investment, support local businesses, help to create jobs and boost incomes, and which in the long run save money, all now face an uncertain future.

I attended the Thorne carers forum just a couple of weeks ago. It was a day to get carers to come in, have a bit of relaxation, meet some of the different agencies that provide support and to enjoy themselves—to take some time out from their daily activity, which is filled with love but also with difficulties. I wonder what they are thinking about what will happen, because they will probably not get support for the core funding for that event, as it is discretionary, but it means a huge amount to those people, giving them a bit of respite in their daily lives.

At the weekend, I spoke to Maureen Tennyson at the Edlington gala. She is a key activist in Neighbourhood Watch and in tackling antisocial behaviour in our neighbourhood. One problem we have had is with private landlords who buy up cheap properties and then misuse that responsibility by either leaving them empty, letting them become derelict or not taking control of their tenants. There is concern about the selective licensing scheme we are getting going; people have worries in respect of the work being done to get that under way and to make some of these landlords get a licence or not be allowed to let. That will have a huge impact on neighbourhoods where in one street there might be a mixture of private ownership, private rented and council property alongside each other. This is one of the biggest blights. The people who make the money do not live in those communities, and if there is any action to cut back in this regard, the Government are saying a really big "We don't want to help you" to people in Edlington and elsewhere.

Sajid Javid: We are all in this House to help vulnerable people. Does the right hon. Lady not accept that in 13 years in power her Government increased inequality

between the richest and poorest in our society and reduced social mobility? Does she not realise that the best way to help the very people she is talking about is to help them to find jobs and to create opportunities, not make them live off her handouts?

Caroline Flint: There is a case for arguing that the rich got richer, but at the same time we took thousands of children out of child poverty. I will tell the hon. Gentleman something else: cancelling the extension of free school meals to low-income families has prevented 50,000 more children from being taken out of poverty, so I will not take any lectures on fairness and tackling inequality. The Government could have got some extra money by doing what we suggested—by taking more money off the bankers, out of their bonuses—but they fell short on that. There are plenty of other areas that could be looked at, such as Government support for private education, in order to save some money for our schools. Some £100 million comes from Government to support private education in different forms. Perhaps we could look at making a cut there.

Mark Pritchard (The Wrekin) (Con): Will the right hon. Lady give way?

Caroline Flint: If I can make a bit of progress, I might come back to the hon. Gentleman; I have only two minutes left.

The cost to society will be huge if we take short-term decisions that fundamentally disrupt some of the progress that has been made in different communities. The point has already been made strongly about Total Place programmes: it is not just about people putting money into a pot; it involves a difficult journey, getting different organisations to put their separate cultures to one side and come together for the community good. That is not easy, but we have made that progress by bringing health closer to local authorities. I am very glad that we now have a jointly appointed public health director, and that we see joint commissioning happening. My worry is that if local authorities and local government retreat, others will retreat as well. They will go into a bunker silo mentality. It happens at Government level, but it also happens at local level, and what we will see is a retraction.

As my colleagues have said, it is one thing for hospitals to make sure they have policies that mean that older people leave hospital more quickly. That is quite right, but if adult social care in the community is undermined, where will those older people go? Where will the support be to make sure the plan is put into action—that Elsie or Sam can ensure that their home is adapted before they leave hospital, so they can actually be at home? The danger is that what is happening is very short term.

The private sector depends on the public sector for growth and for contracts. For example, there is no doubt that Yorkshire Forward, the regional development agency, has been fundamental in helping our airport to get off the ground—literally, as it were. What is going to happen about the investment that RDAs are providing? What assessment has been made of the loss of private investment following the abolition of the RDAs?

There is a lot at stake here. Of course we have to make cuts and reduce the deficit, but our plans showed that we could do it in a meaningful way that did not put communities on hold or even take them backwards. That is the danger of the proposals before us tonight.

7.42 pm

Andrew Bridgen (North West Leicestershire) (Con): I want to start by adding my congratulations to my hon. Friends the Members for Dudley South (Chris Kelly) and for Wolverhampton South West (Paul Uppal) on their excellent maiden speeches. I am sure the rest of the House will join me in hoping that they will speak again in this Chamber in the very near future.

Today's debate is very important. As Members will know, local government financing represents approximately 25% of Government spending and is responsible for delivering many of the essential front-line services our constituents rely on. Such a level of spending therefore cannot be immune to the spending cuts forced on us by the parlous state of the finances we inherited from the Labour Government. The historic local government funding formula has for far too long been used, especially by the Labour Government, not as a political tool but as a political weapon—a weapon with which to beat the shire counties of England for having the temerity to vote Conservative.

Local government finance is a particular concern to me and to my constituents, as my constituency suffers greatly under the historic funding regime. This year, each child in North West Leicestershire is having £3,888 spent on their education, compared with the £4,497 spent on each child in the city of Leicester—a difference of some £600 per child per year, and the disparity is increasing. Last year, the difference in funding was £550 per child.

Toby Perkins: Will the hon. Gentleman give way?

Andrew Bridgen: Let me make a little progress and I am sure the theme will become clear.

That funding difference is putting the children of North West Leicestershire at a major disadvantage. The two biggest senior schools in my constituency—Ashby and King Edward—are disadvantaged by nearly £1 million and £500,000 respectively each year compared with the city of Leicester. That simply is not fair.

Perhaps the biggest unfairness emerges when we consider the level of deprivation in North West Leicestershire. According to the last census, in one ward in my constituency 468 children were living in income-deprived households, yet their educational needs were funded by £600 less this year than were those of pupils in the city of Leicester. That cannot be right, and I look forward to the pupil premium redressing this unfairness.

Despite these funding shortages, Leicestershire county council is performing excellently and is a four-star council. According to independent inspectors,

"the Council is good at managing its money and making savings to spend on the most important services".

The independent inspectorate also comments on how

"Leicestershire County Council manages its finances well. Council tax is low compared with other areas and it provides a wide range of good and excellent services. This means it provides good value for money. In 2008/2009 it saved almost £11 million and it is on track to make further savings this year. These savings are then spent on improving services".

It is vital that well-run local authorities such as Leicestershire be looked at sympathetically when it comes to departmental spending cuts. Fit organisations have little fat to cut away; it is the bloated authorities that have been

[Andrew Bridgen]

disproportionately funded and badly managed that should be looking at trimming their organisations. Perhaps they will decide not to do that, and to pass on the costs of their inefficiency to the long-suffering taxpayer. I urge us to remove the cap on council tax increases, which will allow them to do just that. Councils that choose to take that path will then expose their profligacy, waste and poor management to the wrath of the electorate, leaving them fully accountable for their actions—hopefully through the ballot box.

It is not just in education where my constituents are suffering the effects of the previous Labour Government's policies, but also housing. The Labour district council in North West Leicestershire, before being relieved of office in 2007—with the biggest swing in the country against Labour in those elections, but that is another matter—left the council housing stock in a lamentable state, rated as "poor", with no stars. Despite this, owing to Labour Government policy we have the ludicrous situation in which a third of all the rents we collect every year are passed back to central Government to maintain housing stock in other areas, despite the fact that a third of our housing stock is classified as "sub-standard", that we have elderly residents who are still forced to rely on solid fuel for heating and water, and that rents are increasing. We need to end this unfair and inefficient arrangement. I also look forward to councils being able to retain moneys raised by selling council houses, so that they can be re-invested in building new council houses in the district.

When the Opposition talk about local councils not building social housing, they might want to consider the fact that, in answers to questions in the last Parliament, the Government conceded to my right hon. Friend the Member for Welwyn Hatfield (Grant Shapps) that the £200 million a year collected in local council rents nationally was not even spent on housing but simply entered the general taxation coffers. Despite this, they have left us with the largest deficit in the history of this country at £156 billion.

There is a comparison to be made between the financial management of the previous Labour Government and the management of North West Leicestershire district council when it was under Labour control. During those sad 33 years of Labour control, my constituents faced an above-inflation council tax rise year in, year out.

Toby Perkins: The hon. Gentleman says that his constituents suffered under a Labour council for 33 years. If it was so terrible, why did they keep voting for it?

Andrew Bridgen: I think we needed to have a shake-up of the Conservative party in North West Leicestershire, which came in 2007. When the people of my constituency make their minds up, they make their minds up, and we had the biggest swing against Labour in those elections, as I pointed out.

Even in the year when it was thrown out of office, the Labour council increased council tax by 4.1%, and its performance was rated as weak and some way behind that of comparable councils. Three years later, the situation is somewhat better. The council is now rated adequate and is improving year on year. This has not been achieved by the Labour methods of tax and spend. As Winston Churchill said, for any society to believe that it can tax itself to prosperity is as ridiculous as a man standing in a bucket and believing he can lift himself up by pulling on the handle. The Conservative-controlled district council has introduced below-inflation increases of 2% in 2008 and 2009, and this year has introduced the sort of increase that the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) would doubtless describe as "a 0% increase". Much to the relief of local residents, the council is improving services through prudent financial management and by trimming away the fat of previous administrations.

The east midlands and Leicestershire have fared little better under Labour on other essential public services. On policing, based on the 2009-10 budget and the 2008-09 crime survey, the east midlands region has the lowest grant relative to the number of crimes in the whole of the UK. The east midlands receives just £1,330 in grant for every crime, whereas the north-east region receives an extra £800 per crime to deal with the offences in its region. Let us consider what happens with other essential services. The combined fire service of Leicester, Leicestershire and Rutland is the lowest funded per capita of any shire county fire service in England. Those and many other inequalities must be borne in mind when funding decisions are made.

I must reiterate that the fat, bloated local authorities are the ones that need to put their house in order when it comes to the inevitable cuts, which must be made this year, next year and for several years to come because of the awful financial legacy of the Labour Government. In conclusion, all I ask on local government financing is for a fair settlement for the east midlands, for Leicestershire and for my constituency of North West Leicestershire.

7.51 pm

Chris Leslie (Nottingham East) (Lab/Co-op): Members on the Benches opposite are, understandably, repeating this desperate mantra about "unavoidable cuts". I suppose they think that if they can cling to that enough and repeat it often, somehow it will become true. These announcements of reductions—these swingeing cutbacks of public services—are not unavoidable; there are alternative strategies. Taking out 25% of public spending in these unprotected departmental expenditure limits within such a short period of time—four years—is to act too quickly and too harshly. There is no consensus among economists—that is certainly the case globally, let alone in this country—that this approach is the only way to protect our triple A rating and is essential in order to avoid a Greek-style arrangement. I suspect that either there is a little naivety on the part of the Liberal Democrats in propping up this ideological zeal to reduce public spending, which has always been present in the right wing of the Conservative party, or the Liberal Democrats—at least some of them—have sold their souls in order take on the trappings of high office. I hope that is not the case, but I am sure it is beginning to look to many of my hon. Friends as though it might be.

In my constituency, in Nottingham, the first tranche of service cutbacks—taking out the £6 billion and having £1 billion of reductions in local government spending—meant £4.5 million taken out of Nottingham's front-line services. Some £2.7 million has been taken out of the education area-based grant—that money is not just for the one-to-one tuition that we were hoping to have for children in most need, but for the school

transport budget, the special educational needs budget and so on—and £1.2 million has been taken out of the working neighbourhoods fund. The title of that fund does not really capture what it does, because the fund helps to combat teenage pregnancy and ensures that welfare rights advice is given to people. It provided the money that went hand in hand with the future jobs fund to help to get young people off benefits and into work. Millions of pounds have been taken out of these services, with £350,000 being removed from road safety spending and £2 million from the transport capital grant.

Mr Mark Spencer (Sherwood) (Con) *rose—*

Chris Leslie: I know that will affect the constituency of the hon. Member for Sherwood (Mr Spencer), as it neighbours mine.

Mr Spencer: Does the hon. Gentleman agree that Nottingham city council might have been assisted if it had not had to dispose of three chief executives before their contracts expired, because they could not get on with the Labour-controlled city council, and pay them settlement fees in excess of six figures?

Chris Leslie: No, I would not agree. The tactic of the hon. Gentleman and of many hon. Members on the Benches opposite is to pick one or two anecdotal examples of problems, creating from those a whole story about how the public sector is rife with inefficiency and difficulties, and has to be culled. I presume he thinks that the only way forward is this fantastic private sector drive, which is always correct in all circumstances. There are examples of poor practice in the public sector, just as there are in the private sector. All I say to him is that taking 25% of public spending out of these vital services within four years will affect his party and the Liberal Democrats at the ballot box, particularly in the local elections next year; it will be interesting to see the reaction from the Liberal Democrats then.

We are all constrained by time in this debate, but I wish to raise a couple of points, especially on the local government finance particulars that have not been addressed so far. Some of my hon. Friends have mentioned the difficulties created by the in-year reductions in the first wave of announcements. Strangely, there will probably be four chops of the axe: the first announcement at the end of May/beginning of June; the Budget; the spending review coming up in the autumn; and another Budget in March. One consequence is that the ability for any sensible local authority to plan ahead carefully, cautiously and sensibly on a medium to long-term framework containing some understanding of what settlements it might achieve, given that the vast bulk of local government money comes from grant, has gone entirely. No sane or sensible local authority will be able to make any decisions about how it proceeds for the medium term until it has heard what is in the spending review. The danger in making some of the reductions within this mid-year period is that the short-termism will create extra harm, because changes will not be thought through or evidence based, and unfortunately they will probably hit those in most need.

Another consequence of this short-termism is that it affects some of the carefully constructed partnerships between public agencies within localities, which we have all been hearing about. We all, of course, want Total Place and we want local authorities to work together, be it at local strategic partnership level or under the local area agreement frameworks. Those partnerships have been shattered into smithereens because each public agency will retrench into its shell, with local authorities having to focus very much on their own situation and being unable to pool discretionary resources with other agencies. I am sure that the same will be the case in respect of police authorities, health bodies and others, and I very much regret that move.

The Government also decided to scrap the local area agreement reward grant. Again, this is a technical area, but the grant was important in process terms because it encouraged some sharing of objectives between central and local government. Not every front-line service is determined by a local authority alone. Of course, as we have heard, all sorts of services depend on central and local government working in tandem. Driving a coach and horses through the local area agreement framework will mean that local authorities will have absolutely no incentive to work in partnership with central Government, because in doing so all they have been given is a slap in the face. That is a great pity, because although this approach may not necessarily be noticed by our constituents, it is a crucial piece of the jigsaw that made a big difference.

The notion that the Government have been so generous in removing the ring-fencing from a series of grants after they took the axe to area-based grant that already exists is worrying. If the first thing that the Government decide to cut is that budget, which already contained a degree of flexibility and involved local authorities having an amount of freedom—local councils were getting used to working without the constraints of the centre—and straight away the front-line thing that goes is the area based grant and that flexible money, what will be the reaction of any local authority when the next tranche of money is magically un-ring-fenced? Naturally, those will be the next sums of money to go through the exit door, be they for the de-trunking of roads or for housing market renewal—the Government say they are removing some of the ring-fencing from that. Those will be the items of expenditure that will probably be cut next, because that is the signal that the Government are sending.

Gordon Birtwistle (Burnley) (LD): The housing market renewal grant was obviously spent on renewing areas. Does the hon. Gentleman think that spending 10% of the total money—more than £300 million—on mini-quangos that simply passported the money through was sensible? Last year, more than £33 million was spent on these quangos, which basically just passported the money through. That has now been running for four years. More than £130 million, which could have been paid direct to local authorities to deliver the programme, was sent through totally unnecessary quangos set up by the Labour Government.

Chris Leslie: The hon. Gentleman can make these points, but they are dancing on the head of a pin. I think it is important that this money goes to the front line and gets spent, but it certainly will not help to cut these sums of money by a quarter—probably more than that—over four years. The hon. Gentleman seems to have these issues completely out of proportion. It is also interesting that in a written answer to me, the Under-Secretary of State for Communities and Local Government,

[Chris Leslie]

the hon. Member for Bromley and Chislehurst (Robert Neill), had to correct the announcement that the Government had made to the House about the un-ring-fencing of so much money. They discovered that a mistake had been made when they said that £300 million of private sector renewal moneys and the housing and planning delivery grant had been un-ring-fenced. It turned out that that money was already flexible, so their totals were changed entirely.

I want to talk about one or two other points that have not been mentioned much. Capital spending on infrastructure and on the improvement of the basic facilities in many of our constituencies is essential. Not only is capital grant being reduced significantly, but a little-spotted change was announced in the Budget in respect of prudential borrowing and the freedom that the previous Administration gave to local authorities so that they did not have to jump through all sorts of Treasury bureaucracy to be able to access capital loans from the Public Works Loans Board. An item in the small print in the Red Book now states that local authorities will have those requests from the PWLB scrutinised far more closely than before. In other words, it is a return to the days of centralism, if they get that money at all. Local authorities will have less capital grant as well as less ability to access PWLB money.

Does that mean that local authorities will have to go for bond finance, which is more expensive? I would certainly like to hear more from the Government about that; there was not an announcement in the Budget about bond finance. I would also like to hear where we stand in terms of accelerated development zones, tax increment financing and other measures that would be useful in encouraging innovation in the way in which local authorities access capital markets.

My final point concerns the choices that local authorities face and where they go with these difficult decisions. Many Government Members might have local authority members who are happy to take on the full burden of the reductions in the services that affect their constituents who are in most need. Many Labour authorities—and indeed, those run by the Liberal Democrats as they used to be—might want to try to temper that and to consider raising revenue from other sources. Traditionally, council tax has been the only option, although there is a quasi-capping arrangement going on with the supposed one-year council tax freeze deal. Most local authorities will probably be fairly daft not to accept the money that is on the table, although it is entirely unsustainable. There is no way that the Government will be able to extend that for long. After we have gone past this first year, we should be aware that the gearing ratio means that local council tax increases could easily be of the 10% to 15% variety. Does that mean that the Secretary of State will bring capping back in? Again, so much for his localism.

I suspect that the real burden will end up hidden away in the fees and charges that all our constituents have to pay, with a return to the easyJet council model—it will be hidden not just in planning charges, parking charges, swimming and library charges and so on but in those social care charges that hit the poorest most of all. Unfortunately, this is an ideological set of changes—although I hope that the Liberal Democrats will think again—that are certainly not in the interests of any of our constituents.

8.4 pm

Mr Marcus Jones (Nuneaton) (Con): First, I congratulate my fellow west midlands colleagues, my hon. Friends the Members for Wolverhampton South West (Paul Uppal) and for Dudley South (Chris Kelly), on making excellent maiden speeches.

I have listened intently and with great interest to the debate. Opposition Members seem tireless in their criticisms of the measures that the coalition Government are having to make. I am afraid that the debate has been a little like a stuck record—technology that we were quite used to in the 1980s, and which they seem to hark back to. At that time, I remember that many small and medium-sized businesses occupied our industrial estates in my constituency. That was the case until the mid-1990s, but unfortunately after 13 years of Labour Government many of the industrial units that I remember that used to be full with people in employment now stand empty. I hope that the coalition Government will put that right by refreshing and rejuvenating the private sector.

Opposition Members make no apology for mortgaging our country to the hilt and they still seem to want to keep spending and spending. They talk about reducing the deficit, yet we still hear no tangible sign of how Labour would get us out of the black hole in the public finances that they spent many years putting us into.

Not only were the previous Government profligate with the public finances, but they were also profligate with their constant diktat to local government. Local councils have been subjected to the constant and never-ending grip of the previous Government, obsessed with performance management, inspections, ring-fencing and general micro-management.

Let me touch on the performance management regime operated by the previous Government. It spiralled completely out of control, with councils at times being asked to report on matters over which they had little or no influence and in which they certainly had no decision-making power. Under that regime, by 2008 a typical council was spending £2.6 million a year reporting performance information to central Government. That additional burden also cost front-line services. For example, essential services such as bin collections have been reduced. That has all happened in spite of the fact that council tax virtually doubled under the previous Government, not to mention the spiralling cost of fees and charges to the public—a practice that was actively encouraged under the previous Government, particularly by Lord Prescott, about whom we have heard quite a bit today.

The previous Government should have used the line "less for more", such was their contempt for local government and communities across the country. Reducing core services and doubling council tax is the legacy of 13 years of Labour Government. I need only look at my local council, Nuneaton and Bedworth—a council on which I was privileged to serve, and where I saw at first hand examples of how the heavy-handed clunking fist of the previous Government affected local government and the ability of local councillors to represent local people and make local decisions.

While it was under Labour control, the council was given a comprehensive performance assessment. Many Members who have been in local government will probably have enjoyed that experience. The Audit Commission gave the council a weak rating. On advice, the council responded by embarking on a two-year process of CPA voluntary engagement. That wasted thousands of hours of officer time, employed a number of additional consultants at a substantial cost to the authority and caused additional layers of bureaucracy that were added to the council's structure. What were the outcomes for local people? They were negligible and certainly not proportionate to the resources expended over several years.

I have no doubt that the comprehensive area assessment will be just as onerous, as my hon. Friend the Member for Rugby (Mark Pawsey) pointed out. I therefore welcome the decision made by my right hon. Friend the Secretary of State to abolish the CAA, which, I have no doubt, will reduce the inspection burden and free up vital resources to deliver services. My right hon. Friend has made an excellent start and my hope is that he will go further and work with the Local Government Association, which has suggested today how £4.5 billion of savings could be achieved through:

"Reducing the regulatory burden on councils and pruning out the maze of Quangos, middlemen, bureaucratic funding streams and audit arrangements in order to protect front line services on which the most vulnerable depend."

I also welcome the decision by the coalition Government to announce further removal of ring-fencing. The planning delivery grant is a prime example of how ring-fencing often fails, with councils often having almost to invent projects on which to justify spending grants. Again, my local authority was no exception when it was under Labour control. I recall it spending nearly £70,000 of planning delivery grant on audio equipment for the council chamber to improve the facilitation of council meetings. Until that point, and for some time thereafter, the council did not even hold planning meetings in the council chamber. When it did, the new audio system did little to add value to the planning process or to aid the expeditious construction of new property and houses in the area.

My experience tells me that councils will cope and adapt to the changes that the coalition Government are being forced to make. Many councils have already had to learn to work smarter in the past few years and are working with other authorities to deliver services in a smarter way. That can work especially well. My local authority has shared services such as payroll, IT, building control and procurement successfully with other local authorities. No doubt, councils up and down the country will be looking into putting shared arrangements in place. That is an extremely sensible and cost-effective move.

To conclude, I am glad that there appears to be such clear water between the Opposition side and the Government side. We acknowledge the tough times ahead, we are dealing with our debts head-on, we acknowledge that things will be difficult for local government in the next couple of years and we intend to allow councils to make their own decisions based on local need. We intend that local councillors will be freed from the central Government straitjacket that has strangled local government for so many years, so that they can do what they think is right for local people. That approach is diametrically opposed to the stance of Opposition Members, who are burying their heads in the sand regarding the debt that they are responsible for. They also seem to want the Government to keep our councils in their pocket—to keep them in a straitjacket and dictate how and where they must spend their money regardless of priorities. The very motion that they have put forward this evening explains that.

I know which approach I would prefer if I were still a council leader. I also know, from my dealings with local government and from my contact with fellow Conservative, Labour and Liberal Democrat councillors, which they would prefer—more autonomy for local authorities, not less, and I am sure that this coalition Government will provide that. That is why I support the Government's amendment.

8.12 pm

Roberta Blackman-Woods (City of Durham) (Lab): I am very pleased to contribute to the debate, because it is important to remind everyone of the key role that local government plays in the delivery of services to our communities. I am very grateful to my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), who is not in his place, for outlining the importance of council services to vulnerable people. That is why we need to take a detailed look at where the £6.2 billion of additional cuts are falling. I shall speak later about the huge impact that the £16.8 million of additional cuts, in-year, to Durham county council's budget will have in Durham city.

Perhaps we should not be surprised by the coalition Government's callous approach to local government and the communities it serves, because, although the coalition document says a lot about enabling communities to run services, there is not a single mention of how those services will be paid for. Neither is there a single mention of what will be lost by those communities in terms of services that they will no longer get from their local councils. I am surprised that our Liberal Democrats in Durham, who are normally very good at saying how they support localism, have been strangely quiet in the past few weeks. Not one of them has come forward to condemn the outrageous cuts being inflicted on north-east councils.

The Labour-led council in Durham has shown how dreadful the cuts will be for our local communities. The Department for Communities and Local Government has said that it will make a cut of £6.34 million, but it has announced only the cut to the area-based grant. There is, in fact, a cut of £16.8 million, because other cuts that have not been clearly identified have been passed on to local government in relation to transport capital, the housing and planning delivery grant, the local area agreement reward grant and many other areas. The cuts to Durham county council are savage already, even before the comprehensive spending review in October, which we know will go even further.

The two Government parties have to answer a number of questions. The headline percentage decrease reported by central Government has been calculated only against the area-based grant reduction. When other cuts are taken into consideration, the cut to Durham's budget will not be the 1% presented by the Government, but 4%. Why is there this lack of clarity?

[Roberta Blackman-Woods]

Analysis of the reductions in grants shows that northern authorities have received the largest decreases in funding, with 31 of the top 50 authorities being in the north. That will add to the problems that we have in trying to rebuild the economy after the recession and in trying to improve life chances in some of the most disadvantaged communities in the country. That is not fairness. Why are the Government taking that approach?

Perhaps more outrageous still, considering the size of the reductions being made, is how they relate to the index of multiple deprivation. There is a strong trend of the most deprived authorities receiving the largest budget cuts. It is simply wrong that the poorest authorities seem to be the least protected. Again, the Government must make it clear to the Chamber why they are attacking the most disadvantaged communities in the country the most.

We have to get past the idea that the cuts are simply cuts to waste, because they are cuts to real services. Durham is experiencing a cut to its extended schools start-up costs. Providing those services is not profligate; they help parents to go to work and they give vital support to children.

Chris Heaton-Harris (Daventry) (Con): How much of the cuts, in percentage terms, does the hon. Lady think that the top officers in Durham have taken on board themselves and how much does she think is being passed down to front-line services?

Roberta Blackman-Woods: It is because the hon. Gentleman's Government have cut the area-based grant and additional services that the cuts have to fall in the ways that I am describing. It would have been much more sensible not to have—*[Interruption.]* Is the hon. Gentleman going to listen to my answer or not? What I am saying to him is that if we did not have these additional cuts in-year and if there had been a proper programme of consultation, it might have been possible—*[Interruption.]* Will the hon. Gentleman let me finish? It might have been possible to identify other cuts that would not have had such a direct impact on front-line services. The way in which his Government have made these cuts has led to the attack on front-line services.

Chris Heaton-Harris: Let us just say that a reasonable percentage of the cuts have been in the amount spent on the officers in Durham county council. Can the hon. Lady tell us how much the Labour county councillors on Durham county council have cut their allowances?

Roberta Blackman-Woods: Clearly, the hon. Gentleman did not listen to the answer that I gave him and does not understand the impact that a cut to area-based grant and other grants has. As I was saying, there will be cuts not only to extended schools start-up costs, but to the careers service and to the Supporting People budget, so they will affect both young and older people.

The cuts are not just to the public sector. The Government parties have demonstrated again today that they do not understand the links between the public and private sectors. On Friday, I visited one of the private nursing homes in my constituency to discuss the problems that it was experiencing with its budget. The entire business of that private sector delivery organisation is being affected by the requirement for the local authority to raise its residential allowances, which will lead to a loss of jobs in the private sector. It also makes no sense to cut the working neighbourhoods fund and the local enterprise growth initiative, especially in Durham, where the unemployment level is higher than the national average.

Do not get me wrong. The council and the regional development agency have worked hard in the last few years to try to ensure that unemployment remained at much lower levels than those experienced in the recessions of the 1980s and 1990s, and they were very successful in that regard. However, they need the working neighbourhoods fund and support for local business if they are to ensure that unemployment does not rise further. According to the council, it has received funds in the past for projects to help people into work, deal with worklessness and enhance job creation, but those are the funds that are being cut now. I consider that action to be disgraceful, short-term and short-sighted. It shows no understanding of the need for measures to encourage people to seek employment. Furthermore, the loss of funds from the Home Office will reduce the amount of resources for tackling antisocial behaviour.

I could go on and on with the list, but my main point is that if local people were asked where to make cuts, I very much doubt that they would prioritise cuts in services that seek to tackle antisocial behaviour or help people back into employment. We all know that cuts have to be made, but the top-down way in which these cuts are being inflicted means that local authorities cannot have full control over the areas that they would protect and those in which they would make cuts. It also means that they cannot consult local people. Such a degree of centralisation imposed by the Government parties, whose members say that they support localism and devolution, is breathtaking.

As well as not allowing local government time to produce a sensible framework for reducing the deficit, the Government have provided no clarification in respect of key programmes. In the case of Building Schools for the Future, that is leading to considerable uncertainty in our communities about whether new schools will go ahead. We need clarification as soon as possible. My local authority wants an open dialogue with the Government, and greater consultation within the sector on the timing, extent and detail of future reductions so that they can plan for them properly—and, critically, so that they can ensure that those who are most vulnerable are protected as far as possible from the impact of the cuts that must be made.

Why are the Government parties picking on existing policies—particularly those designed for the long term—that seek to reduce inequality? I have two examples in mind: free school meals and free swimming. The task of protecting and improving health must not depend entirely on the national health service; we also need local policies and services that help our young people to develop healthier lifestyles and a more sensible approach to their eating habits. The way in which the Government's cuts are attacking free school meals will ensure that a central plank is removed from our plans for reducing inequality for the future, and I do not consider that acceptable.

8.25 pm

Mr Mark Spencer (Sherwood) (Con): I pay tribute to my hon. Friends the Members for Wolverhampton South West (Paul Uppal) and for Dudley South (Chris Kelly), who made their maiden speeches today—although they caused me a little pain by referring to the mighty rise of Wolverhampton Wanderers and West Bromwich Albion, as I recalled that Nottingham Forest's efforts to achieve promotion this year ended in dust. Fortunately, I was able to console myself then with the knowledge that, come the summer, England would probably win the World cup.

I am becoming increasingly frustrated by the series of Opposition Members who say, "We would have kept this or that bureaucratic scheme that would have protected vulnerable people," in the next breath say, "We would have made £40 million worth of cuts," and in the next breath do not specify where they would have made those cuts.

Roberta Blackman-Woods: Perhaps the hon. Gentleman will tell us what is bureaucratic about free school meals, especially given the universal pilots in Durham and other areas.

Mr Spencer: A number of schemes have been tied up in bureaucratic nonsense, and local authorities have had to jump through a number of hoops to deliver centrally issued targets that create an enormous amount of bureaucracy for local authorities. I shall say more about that shortly.

It is little wonder that the country's national finances were brought to the brink of an abyss, given the last Government's lack of vision and basic financial understanding. We only just avoided the intervention of the IMF in our finances; we were very close to that, as has been widely recognised.

Chris Leslie: What evidence has the hon. Gentleman that we were on the brink of having the IMF called in?

Mr Spencer: It was widely recognised—globally—that this country's finances were in dire straits. Global economic markets were betting against our economy. We were saved only by the markets' recognition that an election was coming, and that hopefully a Conservative Government would take over. We are in the fortunate position that the coalition has tackled those issues and saved this country from the enormous abyss it was facing.

The only way to deal with local government is to give power back to local government. Local people are much better placed to make local decisions. I welcome the decentralisation of local government and its management, and I sincerely hope that when we pass that power down the structure, better decisions will be made. I am very much encouraged by the thought that that will happen.

I am quite frustrated by the number of Opposition Members who have said that the leafy shire counties are all right thank you very much. Hon. Members should come and look at Nottinghamshire and at Sherwood. We have some challenges and some areas of real deprivation, such as Ollerton, Rainworth, Blidworth and Bilsthorpe right in the middle of Nottinghamshire county.

Toby Perkins: I am grateful to the hon. Gentleman for referring to some of those areas, many of which are former pit villages. I have played cricket in a lot of them. The hon. Gentleman fails to understand that the areas he is on about are precisely the areas that are going to suffer from the cuts that his Government are making. We are talking about rich, southern shire counties such as Surrey, not his constituency. The hon. Gentleman is arguing for cuts that will greatly affect those mining villages.

Mr Spencer: The simple fact is that those areas of Nottinghamshire face enormous challenges. I am glad that the hon. Gentleman recognises that some of the shire counties face the issues that many hon. Members claim exist only in Labour seats. We are going to have to deal with the enormous mess that the Labour Government left and tidy up some enormous problems. That will be a really big challenge, make no bones about it. Conservative Members recognise that it will be a big challenge. I do not think that Labour Members recognise what an enormous problem that is going to be.

Nottinghamshire county council was under the control of Labour for 28 years. In the last 10 years of that Labour control, the council tax doubled. That is the sort of pressure that Labour-controlled county councils put on people in the villages I mentioned—on pensioners and vulnerable people. That was a great shame. Fortunately for the people of Nottinghamshire, the Conservative party took control of Nottinghamshire county council. The increase in the council tax this year under Conservative control was 0%. I am proud of that, and the council will attempt to deliver it again next year. It is about protecting and reducing the cost imposed on pensioners and vulnerable people in those areas.

The hon. Member for City of Durham (Roberta Blackman-Woods) mentioned Building Schools for the Future—a good example of how bureaucracy is built into policies. BSF was quite a good scheme. Two schools in my area—Dukeries college and Joseph Whittaker school—are desperate to be rebuilt. The county council had to spend £5 million to get itself to a position in which it could bid, and we have not laid a single brick. That £5 million could have been spent on improving the schools rather than jumping through the hoops that the previous Government required.

Fortunately, the county council is now able to prioritise and use the money available to it. One of the statistics that sticks in my mind is that for every £7,000 of Government spending available locally only £350 is not ring-fenced and is available for local authorities to spend in the direction that they want. That is a shocking indictment of the centralisation and control and ring-fencing that has taken away local autonomy and the ability of local people to make local decisions. Fortunately, some councils under Conservative control are able to make the most of that £350 and prioritise things such as new pavements, filling potholes and trying to recover some of the damage done by previous administrations. I very much welcome that.

The one thing that has really impacted on my constituency is the removal of the regional spatial strategy, and I am particularly grateful to the Minister for doing that straight away. It put enormous pressure on the green belt of Nottinghamshire in my constituency. I am grateful that we can now have a grown-up debate in Sherwood about where housing is to go and what sort of housing it should be. The sort of housing is just as important. In areas of my constituency we have had to build large houses where they are inappropriate. We

[Mr Spencer]

would be better building social housing so that vulnerable people could be housed and younger people could get on the housing ladder. In other areas, pensioners who live in four or five-bedroom houses on their own would like to move but cannot because there is nothing suitable locally. I welcome the fact that we can now have a grown-up debate about what sort of housing we put into Sherwood and where. We are desperate for the correct sort of housing and for the employment that goes with it.

Before the right hon. Member for Southampton, Itchen (Mr Denham) left his place, he referred to Ashfield, my neighbouring constituency, and I would have welcomed his coming to look at the town. I was at a manufacturing company that falls under Ashfield district council in the town of Hucknall, called F. J. Bamkin and Son, which made socks for the Ministry of Defence for many years until the previous Government passed the contract to a far eastern supplier and, sadly, put enormous pressure on the company.

The most important thing that we can do is to remove some of the ring-fencing from the money that is passed to local government, and remove the enormous amount of bureaucracy that local authorities find in their way and the hoops that they have to jump through in order to tap into that money. Then, just maybe we can not only ensure that local people make the right decisions for their local areas, but protect the vulnerable people who were so badly let down under the previous Administration.

8.36 pm

Angela Smith (Penistone and Stocksbridge) (Lab): This is the first opportunity I have had to congratulate you on your appointment, Mr Deputy Speaker. I congratulate also the hon. Members for Wolverhampton South West (Paul Uppal) and for Dudley South (Chris Kelly) on their confident and assured maiden speeches. I wanted to find something in common with them and my constituency, and I noted that they both support Wolverhampton Wanderers, who are managed by Mick McCarthy. He is a Barnsley lad, and I now represent a part of Barnsley—I say that in case people are not aware of where Penistone is. Mick McCarthy is known to frequent a wonderful Indian restaurant in my constituency, the Dil Raj, in Dodworth, so there is the connection, and one of which I am proud.

I, like many hon. Friends, have a background in local government. I was a councillor in Sheffield for almost 10 years, and if I learned anything in that time it was that local government is absolutely vital to the smooth, coherent running of our society. Without it, our way of life would soon deteriorate, with all our constituents suffering the consequences. However, I must tell hon. Members what the coalition Government seem intent on doing, because we now know what the big society means. It means looking after oneself and doing things for oneself; it means, "I'm all right, Jack". Potentially and most worryingly, it means an erosion of the principle of democratic, elected accountability for the delivery of local services. That approach is based on an ideological belief in the small state; it is not the "needs must" approach that Government Members have touted in recent weeks.

My constituency straddles two metropolitan boroughs in south Yorkshire, Barnsley and Sheffield. Both have every reason to remember the last time the Tories were in government, as they suffered deeply from the unfair cuts that were imposed on south Yorkshire local authorities. Judging by the cuts that the Department for Communities and Local Government has already announced, it looks as if they have much to fear this time around. It is not as if they are poor, inefficient authorities; they are not. Barnsley metropolitan borough council is renowned for the quality of its leadership and its efficient use of resources, and for having one of the best leaders in local government, Steve Houghton. Recently, through careful financial planning, it managed to freeze council tax for old-age pensioners and to give the under-16s not only free swimming but free bus passes. I applaud Barnsley on that achievement, which is now under threat.

Sheffield city council's efficiency has been praised for many years, or at least it was when it was Labour controlled. The Audit Commission awarded it four stars on many occasions, and, although it is right that local authorities should be as efficient as possible, the recently announced £1.65 billion of cuts to local authorities will have significant detrimental impacts on services, especially in places such as Barnsley and Sheffield. More worryingly, it very much looks as if metropolitan authorities are being asked to take a larger share of the cuts, with a reduction of £12.22 per head in those areas, compared with an average of £8.75 for English authorities as a whole. If any Government Member can tell me what is fair about that, I will be incredibly impressed. I do not think that they can.

Further analysis shows that cuts have been made disproportionately in some of the most deprived areas in the country. For instance, Blackburn is ranked at No. 5 on the scale of multiple deprivation and it sees a cut of 1.7%. Meanwhile, Calderdale, ranked at No. 107 on the scale, suffers a 0.6% cut—less than half that suffered by Blackburn. Interestingly, while shire councils see only a small cut of 0.3% in their budgets, the mets are cut, on average, by 0.9%. The right hon. Member for Tatton (Mr Osborne) says that we are all in this together, but yet again it seems that some are in it more than others. In typical Tory style, it seems that those with the least are being asked to pay the price for Tory ideology.

How will people's lives be affected by the cuts already announced and those that will come later? In a report to be published shortly, the New Local Government Network concludes that many chief executives are saying that libraries, sports centres and street cleaning will be particularly vulnerable. Those of us with a background in local government know that all too well—we remember the last time around.

We hear from the Government Benches about the glories of decentralisation, but let me remind Government Members that in 1995 Sheffield set the budget that it wanted to set, to avoid cuts to libraries and street cleaning. It was told by the Tory Government of the time to go back and reset the budget in June that year; the budget was declared illegal. That is not what I call decentralisation.

Dan Rogerson (North Cornwall) (LD): I hear the issues that the hon. Lady has raised, particularly on behalf of the metropolitan borough that she represents. However, does she recall her Government voting for

capping motions in the last Parliament, to cap police authorities and other authorities, which were subject to her Government's decisions to restrict the rates that they wanted to set in their areas?

Angela Smith: I do indeed remember the capping. I am with my hon. Friend the Member for Sheffield South East (Mr Betts) on this: I do not believe that capping is right. However, the situation in 1995 was incredibly desperate. By that time, we had suffered 15 or 16 years of year-on-year cuts. In the mid-1990s, there was less cash for the housing budget, in real terms, than we had had in 1979. By the time Labour came to power in '97, there was a backlog of £1 billion in the housing budget.

I accept criticism of Labour's record on affordable housing and new housing; I think that the previous Minister for Housing accepted it. But we had a massive backlog of disinvestment to deal with.

George Freeman (Mid Norfolk) (Con): You had 13 years.

Angela Smith: We had 13 years, but we dealt with it and now almost every single council house in this country is up to standard.

Many chief executives are expecting a tsunami of cumulative funding cuts, with many saying that they will ramp up charges for sales, fees and services. The hon. Member for Sherwood (Mr Spencer) talked about local government bureaucracy, particularly in relation to the example of free school meals given by my hon. Friend the Member for City of Durham (Roberta Blackman-Woods). Finland manages to provide free school meals for every child from four to 19, without the bureaucracy mentioned by the hon. Gentleman. I do not accept his argument, and the cuts to free school meals pilots will not be forgotten.

The revenue cut for Barnsley is £2.75 million, a 1% cut to be put in place over a nine-month period—or, when other cuts are added, a £3.2 million cut in cash terms. However, the main focus of the cuts in Barnsley is the £1.7 million cut in the education area grant, whereby vulnerable children will be disproportionately affected. When that is coupled with a cut of £750,000 to the working neighbourhoods fund, it becomes obvious that the deprived, and those who most need help in Barnsley, are being targeted by the coalition.

Sheffield is England's fourth largest city and ranks at No. 63 on the scale of multiple deprivation. Its cut is £6.5 million, or 1% of its budget, over nine months. This cut in funding has to be put alongside the withdrawal of £12 million of funding for the cleaning up of the Outokumpu site, the withdrawal of £12 million of funding for the redevelopment of the city centre, and the cancellation of the £80 million loan to Forgemasters, all of which mean that the coalition seems to have taken a sledgehammer to the city, making Sheffield probably one of the worst affected cities in terms of the impact of the coalition's ideological approach to government.

If that were the end of the story, it would be bad enough, but on top of these cuts the national funding for local transport plans has been reduced by 25%, with a number of major schemes, including improvements to the road network, now being put on hold. In addition, the local integrated transport authority has indications of a 38% cut, which could mean for Barnsley a cut of £4.2 million. Government Members ought to tell me how people in Barnsley are going to get to work if their bus services and transport networks are to be so severely impacted by the cuts that are on the table. Interestingly, one of the aims of the coalition was a greener future. With cuts on this scale, there is no doubt that more people will be forced to use private cars. Even more worrying is the fact that, yet again, it will be the poor and the old, and those who cannot afford to use a car, who will suffer the most.

According to the Chancellor, this is only the beginning, with Departments being asked to make, on average, 25% cuts in their budgets as the required outcome of the comprehensive spending review. However, with spending on health and international development protected, the cuts in some Departments will have to be much larger than 25%. I started by saying how important I believe local government is. With, in some cases, cuts of about 38% being talked about, I fear very deeply that there are many things that local authorities will not be able to do in future.

Let us settle once and for all the claim that this coalition is progressive. The poor, the vulnerable and the least well-off will suffer the most as these cuts bite. As Brendan Barber has said,

> "Not just the poor, but those on middle incomes will pay a heavy price for the government's rush to close the deficit...and rising joblessness will add up to a perfect storm".

Never mind fixing the roof while sun is shining—this coalition Government are set to trigger the perfect storm.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Hoyle): Order. Before I call the next Member, I remind the House that we have quite a lot of Members who want to speak. It would be very helpful if we could shorten speeches, because I would like to try to ensure that everybody contributes.

8.47 pm

Nicky Morgan (Loughborough) (Con): Thank you, Mr Deputy Speaker, for inviting me to speak in this debate. First, I join other Members in congratulating my hon. Friends the Members for Wolverhampton South West (Paul Uppal) and for Dudley South (Chris Kelly) on their very fine maiden speeches.

What we have heard from Labour Members throughout the debate has been a reinvention of the past 13 years. They have talked about a number of schemes that are desperately important, very much needed, and must be funded, many of which, I am sure, have been very welcome and have done sterling work. However, the question is: where was the money going to keep coming from? At the front of the Red Book, there is a stark chart showing that for 2010-11 Government receipts were to be about £578 billion and Government spending more than £600 billion. That is unsustainable even in the short term, and that is why this Government are having to take the very tough decisions that have been discussed at great length today.

The hon. Member for Penistone and Stocksbridge (Angela Smith) talked about decent homes funding. I would like her to explain to my local arm's length management organisation, Charnwood Neighbourhood Housing, why it thought that it was going to be bidding for decent homes funding and then found that that

[Nicky Morgan]

money had been diverted to build more social housing. I do not disagree that more social housing may be needed, but that was another example of game changes in the middle of the year, about which Labour Members have complained so bitterly.

The hon. Member for City of Durham (Roberta Blackman-Woods) talked about free school meals. Perhaps she could explain to a constituent who recently wrote to me about this why she and her husband, who are still together, struggling on a low income, and who really need free school meals for their children, are unable to get them, while children of parents who have split up, with at least one parent certainly able to afford school meals, are getting them.

Angela Smith: May I remind the hon. Lady that the free schools meals pilot was about giving them to all children?

Nicky Morgan: That brings us back to the point that my hon. Friend the Member for Sherwood (Mr Spencer) made about bureaucratic schemes, in many of which the help is not getting to the people who actually need it.

This has been an interesting debate, and it was particularly interesting to listen to the three former Secretaries of State and the former Housing Minister on the Opposition Benches. I feel I should declare that I have never been a councillor, and I have learned a great deal about local government finance this afternoon, not least all the acronyms. I speak in this debate as a council tax payer, and I agree that local government is incredibly important. For many people who have come to my surgery so far, their experience of government comes from dealing with local government, whether through the administration of benefits, council tax, rubbish collection, social services or particularly education, the funding for which I shall come on to in a short while. The Local Government Association has said that town halls have already committed to making 4% efficiency savings this year, so they are leading the way where the former Government failed to do so.

As I mentioned in an intervention, one of the former Secretaries of State said that Labour had identified £40 billion-worth of cuts, but we do not know where those cuts were to be made. I believe that everybody in the House agrees that cuts have to be made. The former Housing Minister, the right hon. Member for Don Valley (Caroline Flint), talked about progress having stalled. I suggest to her and other hon. Members that progress stalled when the former Government ran up a deficit of £156 billion, which will lead to £70 billion of interest being paid—more than the budgets for education and many other things put together.

There has been little mention of council tax levels—although since I scribbled a note saying that, council tax has been mentioned. The level has increased, and in fact in Charnwood it more than doubled in the 13 years of the Labour Government. That has hit those on fixed incomes, particularly pensioners, very hard. I was approached by many pensioners during the election campaign who talked to me about how they were struggling to make council tax payments on a fixed income.

There has been talk this afternoon about ring-fencing. I welcome the fact that the Government have scrapped £1.7 billion of ring-fencing and got rid of the comprehensive area assessment, and that the £29 billion formula grant remains intact. Talking of the comprehensive area assessment, councils across Leicestershire used to employ 90 full-time staff to prepare 3,000 individual data items, leading to 83 inspections at a cost of £3.7 million a year. I defy any hon. Member, particularly any Opposition Member, to tell me that that could not be better spent on front-line services.

I am conscious of your exhortation not to speak for too long, Mr Deputy Speaker, but I wish to make two more points. First, we have heard a lot this afternoon about decentralisation, and I particularly welcome the Government's first move to abolish the regional spatial strategies. That is a huge step forward and has been welcomed enormously by my constituents. They recognise that new houses need to be built, but they are incredibly concerned about where they are to be built. It is welcome that elected local councillors will make decisions about that.

I agree entirely with what the right hon. Member for Salford and Eccles (Hazel Blears) said about the need for creativity and innovation in the delivery of services. That is absolutely right, and there has been too much overlap between what central and local government do. I am sure that we all have talented councillors in our constituencies, and many Members have spoken about their local government experience. Talented councillors and staff do not need Whitehall and central Government breathing down their necks.

I am sure I am not the only Member who is happy to say that they do not want to say too much about local planning matters, particularly when they boil down to extensions here or there, and so on. I am happy, and believe it is right, to leave it to the local planning authority and planning committee members to decide on such matters. This Budget provides an opportunity to reinvigorate local authorities by allowing our local councils really to take charge of local issues. I wish to make a plea to the Government and the Minister, however. I am concerned about recent changes to legislation on the conversion of houses to HMOs—houses in multiple occupation. Although I welcome the fact that local authorities are to make decisions on that, as they know their local areas best, if they are to do so they need regulations that have teeth. In my constituency, the conversion of houses into student-occupied homes is a matter of real concern.

Total Place has been mentioned this afternoon. I am not an expert, but I know that in Leicester and Leicestershire, Total Place has been considering drug and alcohol treatment. It is a huge step forward, which is to be welcomed, and I endorse comments from hon. Members of all parties about the way in which Total Place has worked. I hope that it will continue.

The trouble with speaking late in a debate is that other hon. Members often steal one's thunder, and my hon. Friend the Member for North West Leicestershire (Andrew Bridgen), who is no longer in his place, did that effectively when he spoke about spending on education in Leicestershire, so I will not say too much about that. However, I left the Chamber earlier to meet some schoolchildren from De Lisle school in Loughborough. When I told them that I hoped to speak in the debate, they immediately asked what I would say, and I said that I would talk about funding for education in Leicestershire. My hon. Friend the Member for North

West Leicestershire pointed out that the funding gap between schools in Leicester and in Leicestershire is now £600. The trouble is that there is no difference in national pay rates for staff, so schools in Leicestershire have less to spend on other things if they rightly want to retain a decent staff-pupil ratio. They were penalised when the direct support grant was introduced because Leicestershire had topped up school funding. The difference between average funding in the country and that for our schools in Leicestershire meant that a 300-place primary school in Leicestershire would be £99,000 worse off every year. That cannot be right.

My hon. Friend the Member for North West Leicestershire also mentioned police funding. In Leicestershire, we have received £9 million less than the average in the past four years. Despite all that, Leicestershire county council still managed a four-star rating. That shows that, with good management and good political leadership from councillors, local authorities can run services to a high standard on less money than they would ideally like.

I support the amendment. The Opposition have totally reinvented and forgotten the past 13 years, and all the projects and schemes that have been mentioned. The Government are now taking tough decisions, which mean that, in several years, we can fund our services fully, and help the vulnerable and the poor who have been mentioned in today's debate.

8.57 pm

Jack Dromey (Birmingham, Erdington) (Lab): The Budget is bad news for Birmingham, a proud city, which suffered grievously in the 1980s and now faces unprecedented cuts in public investment. Why? The Con-Dem alliance says that it is Labour's legacy, but it is nothing of the kind. The Greek defence that it prays in aid is but an excuse for the modern Tory party—modern-day Leninists—to cut back the role of the state nationally and locally. As for the Liberal Democrats—a hollow shell of the once great, progressive party of Lloyd George, Beveridge and Keynes—never have so few let down so many for so little: a handful of ministerial cars and Red Boxes.

Birmingham was the birthplace of municipal government and municipal enterprise. It is Europe's biggest council, which employs more than 40,000 and funds thousands of community projects and voluntary initiatives. It is a key purchaser of goods and services from the midlands economy. It is also, historically, a champion of the people of Birmingham. In the best traditions of Chamberlain on the one hand and Dick Knowles on the other, next Tuesday, Sir Albert Bore and the Labour group on Birmingham city council will table a motion for debate that calls on all councillors to stand up and be counted in opposition to what the Tories said they would not do and the Liberals said they should not do: put up VAT. The motion calls on councillors to speak out against a broken promise—an unfair tax that will hit pensioners, the unemployed and the poor hardest, and a jobs tax, which will hit the economy of the midlands, from house building to retail.

Bill Esterson (Sefton Central) (Lab): My hon. Friend's comments about the motion that the Labour group in Birmingham will table remind me of what happened at a Sefton council meeting last week. The Labour group there tabled a similar motion, and I hope that the same result does not occur in Birmingham, because the Liberal Democrat and Conservative councillors in Sefton decided not to turn up to debate how to deal with the Budget crisis and the Government's national cuts.

Jack Dromey: It would appear that, in your local authority, they have found Lord Lucan, and they are now looking for the Liberal Democrat and Tory councillors. In Birmingham, they are going to have to stand up and be counted.

There is a grotesque contrast between the £2 billion levy on the banks—not on the bankers, by the way—on the one hand, and £11 billion off welfare and £12 billion on VAT on the other. I want to take this opportunity to pay tribute to the leadership shown last night by the truly honourable Members for Colchester (Bob Russell) and for Portsmouth South (Mr Hancock) when they voted against their own Government in opposition to the VAT increase.

The shadow Secretary of State was absolutely right to point out earlier that the areas with the greatest needs should not bear the brunt of the cuts. Birmingham has great problems of multiple deprivation and high unemployment, yet, as a consequence of the Budget, it will see the biggest cash reduction—more than £12 million. It will have the largest cut in area-based grant in any local authority in Britain, at £8 million, and the seventh largest cut to the school development fund, at £633,000. That money was designed to help struggling schools to succeed.

Birmingham will have the second largest cut to Connexions, at £2.7 million. This will harm the ability of our city to help the young into work and to get apprenticeships. It will also have the largest cut to the children's fund, at £1.14 million. That will damage the capacity of our city to reach out to disabled, disadvantaged, troubled and sometimes abandoned children. It will also see the largest cut to the working neighbourhoods fund—a highly successful programme of concentrated, co-ordinated, community-led action to get Birmingham's citizens off benefit and into work.

I have seen these programmes at first hand, in the form of the remarkable Employment Needs Training Agency in my constituency, and three excellent employment Connexions contracts focusing on the long-term unemployed, lone parents, ex-offenders, those who have engaged in alcohol abuse, and those who lost their jobs under Mrs Thatcher in the 1980s and never worked again. Those programmes have an outstanding track record of reaching out to those people, giving them hope, and helping them to rebuild their lives and get back into work.

Nadhim Zahawi (Stratford-on-Avon) (Con): The hon. Gentleman speaks eloquently about the problems in Birmingham without telling us how we got there in the first place. Does he think that borrowing £500 million, not every month or every week but every day, represents responsible behaviour towards the people of Birmingham?

Jack Dromey: We have a problem as a consequence of people like you: bankers.

Nadhim Zahawi: I am not a banker.

Jack Dromey: There are more bankers on the Government green Benches than there are in the square mile of the City of London.

[Jack Dromey]

Those admirable community projects' money will run out in March 2011, and they are now facing a cut of up to one third. The impact of that on those projects and those communities will be absolutely devastating.

Sajid Javid: I am a former banker. I can see that the hon. Gentleman is probably still a trade unionist, rather than a former trade unionist. Does he realise that his party lost the election because it brought our country to the brink of bankruptcy? We are having to impose these cuts because of everything that you did or failed to do. They are your cuts, and there is no point in complaining about them now.

Jack Dromey: Thank you for owning up to your former occupation. I wonder whether you wish us to take any other offences into consideration—

Mr Deputy Speaker: Order. Members must show a little more respect. There must be less of the "you", and they must go through the Chair.

Jack Dromey: I was fascinated by the earlier contribution of the hon. Member for Bromsgrove (Sajid Javid), in which he demanded equal treatment for Bromsgrove and Birmingham. Forgive me for saying this: if you cannot tell the difference between Eton, Esher and Erdington, I can.

The cuts falling on my city are in grotesque contrast to what is happening in West Oxfordshire district council area, where not 1p is coming off the working neighbourhoods fund. Whose constituency falls into that area? It is that of the Prime Minister.

It is vital that we have an intelligent approach to the role of government. We have the example in the west midlands of Advantage West Midlands, a hugely successful organisation responsible for creating and safeguarding tens of thousands of jobs, but now facing abolition. It is no wonder that leading voices in the private sector are speaking out in opposition to that decision, which would be folly if we believe in the importance of a renaissance of our manufacturing base. However, the issue is not only the work that AWM does in promoting our manufacturing economy. It is also the work that it does in terms of the big society. I was at the opening of the Perry Common community hall the Friday before last. That was an excellent community initiative, with inspiring leadership from a local community that has been through very tough times. That community hall could never have been opened without half the money being made available by AWM. Can we therefore stop posing big government against big society? What we see in Perry Common is an ideal combination of big government and big society working together.

Ms Bagshawe: The right hon. and learned Member for Camberwell and Peckham (Ms Harman) has so far failed to explain exactly where Labour would have found savings in the unlikely event that it had been returned to power. As the hon. Gentleman is in love with every single expensive programme, can he indicate where we might be able to cut to save some money?

Mr Deputy Speaker: Order. May I remind Members that they should come into the Chamber a little earlier if they want to intervene? We are up against time.

Jack Dromey: Our approach was fundamentally different. We think that it is folly to cut savagely and quickly. It risks threatening the economy with a double-dip recession, and it is cities like Birmingham that would suffer grievously as a consequence.

We are already seeing the consequences of what the Con-Dem alliance is doing, not only in government but locally in the council chamber. The parties have been in power for six years. Earlier this year, 2,000 job cuts were announced, hitting hard nurseries, youth services, park rangers and the most vulnerable in our community—those in local old people's homes. I was in an old people's home in Kingstanding and I met excellent men and women. After our discussion, an 80-year-old woman took me to one side and told me the story of how she had had a double mastectomy and her wounds opened up at 3 o'clock one morning. She could not get help, because there were no longer wardens on site. She had to ring a call centre 150 miles away. She was eventually told to ring 999, but mercifully her son was 3 miles down the road and he came out to take her to hospital.

My view is simple: the good men and women of Birmingham who built that city and this country, and who are now in the twilight of their years, deserve better than to be abandoned by this Con-Dem alliance. You will; we never will.

9.8 pm

Michael Ellis (Northampton North) (Con): Perhaps we could inject a dose of reality into the debate at this late stage. Listening to speeches by Labour Members, I could not help but be struck by the old adage, which they have obviously forgotten, that "You can't spend what you don't have." Interestingly, Labour members have clearly adopted the posture of collective amnesia when it comes to why this country is in this financial state and this economic mess, and why substantial savings are necessary in the Budget: it is because of their mismanagement of our economy. Why is it that of every £4 spent in this country, £1 is borrowed? How prudent is that? Why is it that 1 million nursing hours a week are spent on paperwork? It is because of Labour. Why are there as many managers in the national health service as there are beds? It is because of Labour. Why is it that the police spend 22% of their time on paperwork and only 14% on patrol? It is because of mismanagement by Labour.

Labour had 13 years to make the so-called improvements that it now claims we ought to make. Why did it not make those improvements? With the greatest respect, Labour Members are suffering from what can be called ostrich syndrome. They are sticking their heads in the sand, but the problem is that their hindquarters are still exposed. The hindquarters of this ostrich are there for all to see. It is disrespectful to the electorate to think that they are not intelligent enough to know why we are in this position. Why else did Labour achieve only 29% of the vote in last month's general election—its lowest in quite some time? The electorate can see who is responsible for the state of the nation's economy—Labour.

Speakers today and yesterday have railed against threatened cuts and savings, but these are Labour cuts. All day, public bodies have been cited and lists of endangered services highlighted, but Labour Members have made no acknowledgement of who pays for them—the

taxpayer—and no suggestions about what Labour would do in respect of the cuts that are so obviously necessary. After all, we hear from some of them that billions of pounds of cuts are necessary and would have been necessary had we been in the unfortunate but highly unlikely circumstance of a Labour victory last month. Again, however, there is no collective memory of these issues.

Labour's tax-and-spend policies ended on such an irresponsible note that its Ministers were making spending commitments in the dying weeks of the last Administration which the country simply could not afford. "Grossly irresponsible" is not a sufficient phrase. Those outside this place who were led up the garden path by Labour will realise that when programmes have to be cut, these are Labour cuts. Labour acted like a tenant who has fallen out with their landlord and decided in the last few weeks of their tenancy to spend as much as possible on utilities and then do a runner on the last month's tenancy arrangement.

In common with a number of largely rural shire counties, which have been spoken of with some disrespect by Labour Members today, Northamptonshire residents suffered severe prejudice in terms of central Government funding during the 13 years of the Labour Government. Strangely, this phenomenon was not evident in Labour-held or Labour-marginal areas over those 13 years. The funding that Northamptonshire receives is based on out-of-date statistics calculating our population at several tens of thousands—about 10%—less than the reality. In a county whose population has been increasing exponentially—Northamptonshire is the fastest growing county in the country—the use by central Government of these seriously out-of-date figures under the Labour regime has had an unfair effect on Northamptonshire.

No doubt Conservative Ministers will be looking at these figures in due course, but I want to emphasise the point. I spoke this morning to the leader of Northamptonshire county council, who confirmed that Northamptonshire is the fastest growing county in the United Kingdom. The Office for National Statistics' figures are two years out of date. More than 10,000 more people live in Northamptonshire than the statisticians think, and of course those people use Northamptonshire schools, bin collections and the like. This imbalance between the fastest growing county and our underfunding costs the county £5 million a year—the equivalent of 2% on council tax. Yet Northamptonshire has the lowest council tax in the United Kingdom—£30 a year lower, at band D, than the second lowest placed.

Local government finance accounts for 25% of the budget, so what needs to happen? Well, there needs to be decentralisation, and I am delighted to see that the coalition Government are already moving in that direction. There needs also to be an end to the obsessive red tape that Labour Members have created—the bureaucracy, the extreme state control—and there also needs to be an end to the top-down diktats. We need the axing of unelected and ineffective quangos, while radical reform of the planning system is also necessary to give neighbourhoods far more power to determine the shape of the places in which their inhabitants live.

In Northampton North, the constituency that I have the honour to represent, there have been examples—one in particular in the Booth Rise area—of how we have suffered under the Labour Government's style of planning regime. Despite opposition from local residents, from the local councils, from the planning committee on the borough council and from Members of Parliament—including my Labour predecessor, I might add—a decision was taken to build 111 compact homes on green-belt land in a gateway area to the town where traffic is already heavy. That was pushed through by a Labour-created quango. Around the country, people are left feeling entirely disconnected from the powers that make these decisions.

Andrea Leadsom: Will my hon. Friend give way?

Michael Ellis: I will not, forgive me; Mr Deputy Speaker has indicated that we are in a rush.

In conclusion, we need to introduce new powers to help local communities to save facilities and services threatened with closure, giving communities the right to take over local state-run services. We need to cut the red tape and look with reality, unlike Labour Members, at what needs to be done to improve this country's economy and to improve the state of democracy for our local people and their elected representatives.

9.16 pm

Toby Perkins (Chesterfield) (Lab): When the hon. Member for Northampton North (Michael Ellis) suggested that we were going to get a dose of reality, I was hopeful, but, sadly, those hopes were dashed. It is ironic that on a day when the Secretary of State should have been here answering the charge of betraying local councils, he should instead—like the spectre of Tory cuts past—return to Bradford, where he would no doubt have asked for many other crimes to be taken into account. What we are seeing, of course, is simply the return to the Tory cuts from which local government suffered so badly in the 1980s.

One thing that stands out from this whole debate is the fact that the Liberal Democrats have not been involved in it. As far as I am aware, there has been only one contribution from them—from the hon. Member for Birmingham, Yardley (John Hemming)—yet the Liberal Democrats were supposed to be the party of local government. Here we are discussing 20% of the total cuts being made this year falling on the local government sector, and the Liberal Democrats are absent—absent without leave. I think it is simply scandalous that a party that prides itself on its contribution to local government should refuse even to engage in the debate.

Local government has not had a fair deal. Even in the current climate, local government has taken far more than its fair share of the cuts that have come this year. The cuts coming in future years will undoubtedly fall most substantially on the most deprived people in our communities.

Given the limitations of time, I want to focus on one particular area—the impact of the cuts on the voluntary sector. I spent the weekend at the Old Whittington and Brimington galas in Chesterfield. There were numerous examples of great community groups there. In every single case, they were worried about the funding they would receive. How can the Conservative Government possibly create the big society when the voluntary sector, which will be fundamental to it, is going to face such substantial cuts in their funding when these local government cuts go through?

[Toby Perkins]

What needs to be acknowledged is the vital role that local government plays in our society as the founding stone and bedrock of democracy. As to the funding cuts to area-based grants, they will specifically target the most deprived communities. What we have seen, then, is an ideological Budget and an ideological decision that specifically disadvantages the poorest people and reduces the ability of those in the more deprived communities to work their way out of poverty. It is a strategy of diminishing local government and scrapping the measures that would demonstrate the damage being done. Many of the measures the Government are currently taking will, under the cloak of reducing bureaucracy, actually reduce the accountability of local government and other public sector organisations, and reduce the ability of the public to hold those services to account. It is all part of the seizing of power by the Secretary of State under the cloak of localism.

These measures will reduce the ability of councils to provide their services. Council leaders know that when they want to provide their services they will be told they have more power, but they will not have the money to deliver the services, and neither will they have the ability to raise the money, because the Secretary of State is informing them that they cannot increase council tax. Therefore, what they will actually have is simply a choice between scrapping services, which will disadvantage the most deprived people in our community, and hiking up charges for a whole raft of services, which will mean fewer people access them.

If the Secretary of State genuinely wants to make efficiencies, then let us see a commitment to Total Place, which is the ideal way of supporting partnership working to deliver the changes to communities and of reworking spending to be more efficient. That will also engage other organisations to work with local government, so we can create a progressive society out of the situation we are in, rather than our having these savage cuts that will disadvantage the most deprived people in our communities.

9.21 pm

Gavin Barwell (Croydon Central) (Con): I will try to limit the length of my remarks to five minutes so as to allow others to speak.

The shadow Secretary of State set the tone for the debate. There was some good knockabout, but one got the impression that he does not actually understand the system that he was administering until very recently, and he had nothing to say about the fundamental problems with local government finance in this country. The reality is that councils are too dependent on central Government for their funding, and too much of the money that they get from central Government is controlled by central Government in respect of how they can spend it. Also, the grants system that is used to distribute money is hugely complex, not transparent, unpredictable and unfair.

Let me give an example involving my own local authority. In this financial year, Dorset county council received the largest increase in the country: 7.1%. The England average was 2.6%, and Croydon got 1.5%. I will not take up time by going back over the past four or five years, but the pattern is repeated. Has Croydon suddenly lost a large chunk of population, or are we suddenly a much more affluent place than we were a few years ago? No. The system makes no sense whatever.

The London borough that is most similar to us is Enfield. It receives £423 per head of population, whereas Croydon receives £348. If we received the same level of funding as the borough that is most like us, we could cut council tax bills by £200 per head. In London, we have the nonsense of the area cost adjustment that divides London up into three areas and pretends that the London borough of Croydon can pay people a lot less than the London borough of Sutton right next door. That is complete nonsense. The system is in urgent need of reform, yet we have heard nothing from the Opposition about any of these issues.

On savings, let me repeat something that I said in the Budget debate. Almost every Labour Member who has contributed today has said that we are driven by some kind of ideological passion to slash public services. The NHS saved my life when I was seven years old and had lymphatic cancer, and I also have two sons at state school. The most urgent issues in my constituency are the need for more police officers on the streets and the need to do a better job of repairing our roads. I did not come to this place to slash public services, but I and my constituents know that the Government cannot continue to spend money that they do not have. That does not work in the long term.

There is real scope for making savings in local government—my council saved 6.8% in the previous financial year—but there is no doubt that the level of savings envisaged over the course of this Parliament is significant and will lead to some really tough decisions for local authorities across the country. I have to say to Opposition Members that although the Chancellor has proposed going further than the Labour party was proposing, we are protecting fewer departmental budgets so in terms of the unprotected Departments there is actually very little difference between the plans. People who have sat here listening to the debate all day, as I have, would not have got that impression, however.

May I end by making a few pleas to my Front-Bench colleagues? They can do a number of things to make this situation easier for local authorities. First, they can press forward with the proposal for a general power of competence. In London, we used to have a mutual arrangement between the borough councils to buy insurance, but it was ruled to be illegal. Bulk purchasing of that kind can save local authorities sizeable amounts of money. I also agree, actually, with something that was said by the Opposition about the Total Place initiative. Croydon was a pilot for early years, to which a lot of bureaucracy is attached. There is real potential to drive up savings over the long term in that regard.

Finally, I ask that we look at the possibility of working across the public sector. In Croydon we have a PCT that is coterminous with the council. There are separate finance directors, separate human resources departments, separate properties. If we can bring the different bits of the public sector together, there is huge potential for saving money and protecting our front-line services.

There is so much more that I could have said, but other Members want to speak so I will take my seat.

9.25 pm

Bill Esterson (Sefton Central) (Lab): I keep hearing from Tory MPs claiming that these are Labour cuts. Well, it is quite simple: if you do not like the cuts or do not agree with them—if you think they are Labour cuts—vote against them; do not impose them. It is a very simple point, but it is an opportunity open to all Members on the Government Benches, both Tories and Lib Dems.

Of course, the reality is very different. The truth is that these are Tory and Lib Dem cuts, and they are enjoying making them. The face of the Secretary of State says it all: he is looking forward to them, and he has form on this, as other Members have said. If it is not the ideological passion of the hon. Member for Croydon Central (Gavin Barwell) to make these cuts, then what is it? Economists have shown us that if we make these cuts now, they will be far too deep and far too early for the economic recovery to be sustained.

Cuts in-year in local government are unheard of. They are unplanned, and they undermine what councils and local people want to achieve in their communities. I spent 15 years as a local councillor, and I remember when the then Secretary of State was first getting started on this issue. I remember the leaky school buildings, the outside toilets, the teachers buying equipment out of their own pockets. I am proud that Labour fixed the roof while the sun was shining. I am proud that we built new schools, bought the textbooks, employed the support staff who freed teachers to teach, and provided free nursery places.

My friends' children have older brothers and sisters who went through the nursery system and went to school before there were free nursery places—before Sure Start was available to them. Their parents tell me the difference that the younger children have seen as a result of that Labour investment, of which I am very proud, and I will fight hard to protect it, as will other Labour Members.

While I was a local government children's services spokesman, I saw at first hand how many essential services are provided by education departments and social services, and the difference they make to the children and families who depend on those services. Sure Start children's centres are among a number of such examples. However, under threat from these cuts is the extended schools grant. It makes a huge difference to children who otherwise would not have breakfast to be able to go to breakfast clubs. It makes a huge difference that children can go to after-school clubs, and that working families are able to get by. The cuts to those grants will make a profound difference. They will cause real hardship for many children, young people and their families.

Thanks to the services now available, vulnerable children have a much better chance in life and an opportunity to get out of the cycle of deprivation, neglect and poor health that was previously the lot they faced in life. So the cuts in those services really will hurt those who can least afford to suffer them.

In Sefton we are facing £2.1 million in education service cuts. Cuts in local education services mean not the money that is going straight to schools, but the money that is there to support schools. So it is smoke and mirrors to claim that these cuts will not affect schools: they will, and badly.

The Labour group called a meeting in Sefton, and the Tory and Lib Dem councillors refused to turn up to take part in a debate about where the cuts should fall and how the budget should be managed. That was an abdication by the Conservatives and Liberal Democrats in Sefton, and the same tactic is clearly being tried by the Government, because they are asking councils to make cuts with no guidance, in-year, and yet the worst is still to come. A further £504 million of cuts have yet to be specified, so the worst is yet to come in this year. What the right-wing Tory-Lib Dem coalition Government in Parliament are doing is the same as what the right-wing coalition in Sefton is doing: they are abdicating their responsibility and they are going to hit the poorest hardest.

9.30 pm

Brandon Lewis (Great Yarmouth) (Con): In light of the time, I shall be very brief. My hon. Friends have well made the point that the tough decisions that our Front-Bench team and the Government are making are based on the deficit that we have inherited, and that that is a problem that we must deal with. I shall not take up time discussing that issue, because it has been well covered.

I wish to discuss my experience as a councillor for more than a decade under the old Labour Government; I was also a council leader. When I listened to the shadow Secretary of State waxing lyrical about what the Labour Government did on local government and what they had planned I did not recognise the fairy tale being told. The local government that I remember as a councillor and council leader is one where my officers wasted countless weeks throughout the year; they were not providing front-line services and were not looking at how we could do more for our residents, but were ticking boxes, filling in forms and keeping different auditors and quangos happy. At the time of the recent announcement of cuts for local government, I was on BBC "Look East" talking about Great Yarmouth and its 2% cut. Labour Members would say that this has happened only in certain areas, but that is not the case because Great Yarmouth's authority had one of the biggest cuts.

My local authority, which I am proud of, has turned around and said, "We can deal with this. Any good business can deal with a 2% cut, so we can deal with it and we will do so without dealing with front-line services." I said to the leader of my local council, "If we could wave a magic wand and if central Government could make life easier, faster and better for the council and, more importantly, for the residents of Great Yarmouth, what thing could we do? Is it to provide more money?" He said no.

When I speak to councillors—I found that this was the case when I was a councillor too—I am told that this is not necessarily about the money, but about the ability to deliver services. It is about the ability to have real power and to make decisions locally on matters that matter to people locally. I fully support the Government and I give great credit to my right hon. Friend the Secretary of State for the work that the Government are doing so quickly to devolve power to local authorities. I say bring on more, so that we can get residents in areas such as Great Yarmouth to see that their council matters and their vote matters, because their councillors will be making decisions that will affect their lives, not ticking

[Brandon Lewis]

boxes for central Government and suits in Whitehall. I will therefore be fully supporting the amendment, and I say that the more power we can give to local councils to deliver local powers locally with residents, the better.

9.32 pm

Chris Williamson (Derby North) (Lab): Local government has been at the vanguard of progressive change for more than a century. Some of the most significant and innovative advances originated in local government. The introduction of modern sewerage systems in our towns and cities, the replacement of slum dwellings with decent public housing, the development of comprehensive schools and the provision of care for elderly and disabled people are just a few examples of the improvements brought about by local government.

When the Tories were last in power they did their level best to annihilate local government, and now that they are back they have set their sights on finishing the job. It is the local government equivalent of the return of the Daleks, with the right hon. Member for Brentwood and Ongar (Mr Pickles) playing the role of Davros, the supreme leader of the Daleks, determined to exterminate progressive local government once and for all, aided and abetted by the Cybermen Liberal Democrats. The Secretary of State for Communities and Local Government should be standing up for local government, not seeking to strike it down.

Given the Secretary of State's dismal record as leader of Bradford city council, where he first gained his notoriety for vicious cuts, we should not be too surprised that he is now using the national stage to inflict his cuts agenda on the whole country. An article published last year in *The Independent* reminded us about his period as leader of Bradford city council. It stated that

"having gained control of the Conservatives' only inner-city council"

he

"set about an unprecedented round of cuts, sell-offs, price rises and job losses. At the first meeting, £5.8 million was cut from the budget, chiefly in education. Council rents went up. So did charges for leisure centres, car parks, school meals, home helps, meals on wheels, OAP luncheon clubs and cemeteries."

He did not finish there. The article goes on to say:

"Teachers, caretakers, maintenance workers, crèche and nursery staff, social workers and council officers all lost their jobs. Old people's homes were sold off and Benefit Advice Centres closed."

Sounds familiar, does it not?

The Secretary of State for Communities and Local Government (Mr Eric Pickles): The hon. Gentleman should realise that the only people who sold off old people's homes were in the Labour council that followed. He should realise that there were more teachers at the end of my period as leader of the council. The people who cut the teaching numbers were in the Labour council.

Chris Williamson: As Corporal Jones used to say, "They don't like it up 'em," do they? The sad fact is that the Secretary of State for Communities and Local Government knows from his period as council leader that his cuts package will hit the poorest areas the hardest and he knows that some of our most vulnerable citizens throughout the country rely on the very council services that he wants to destroy. He knows, but he just does not care. He also knows that despite the local government aberration that was Bradford city council under his leadership, it was local government that helped to lead the resistance to the malevolent policies of Margaret Thatcher's and John Major's Administrations. It was local authorities—

Nick Boles (Grantham and Stamford) (Con) *rose*—

Chris Williamson: No, I will not give way. It was local authorities such as Derby county council that resisted the Tories' wicked attempts to starve the miners back to work during their year-long strike. What Derbyshire county council did was to ensure that the miners' families had enough food to eat. It was councils—

Heather Wheeler (South Derbyshire) (Con) *rose*—

Chris Williamson: No, I will not give way. It was councils such as Derby and Nottingham city councils that resisted the Tories' absurd bus deregulation policy by establishing arm's length public transport companies. The Secretary of State knows that by emasculating local government, he will make it much harder for councils to stand up to this Con-Dem coalition, yet in true Orwellian double-speak he recently told the ConservativeHome blog site that he was

"completely committed to localism and handing power back to people"—

that is, handing power back to people to make cuts.

9.37 pm

Sajid Javid (Bromsgrove) (Con): I think I have three minutes to make my speech, and I thank the hon. Member for Derby North (Chris Williamson) for sitting down.

We have heard so much hot air from the Opposition, it is unbelievable. I am glad to be able to speak at the last minute, so that we can have some common sense. I do not think that the Opposition realise that they lost the general election. They lost the general election because they have no idea of the economic damage that they have done to our country. They have done that damage throughout our economy, including in local government finance. They have done that damage in local government finance because they have not understood that the allocation of local government funding should have been based on the needs of individuals in each constituency and not on petty party politics. When we look at the areas in which local government funding fell, we can see that wherever there were Labour voters, that was where the money went. It was not based at all on the needs of individuals.

As the Government make the reforms, we must ensure that the changes reflect the needs. Let us take one example from my constituency. Local school children got £900 less per head per year than those in neighbouring Birmingham. If anyone from the Opposition thinks that there are not vulnerable people in Bromsgrove, they are welcome to come and visit and I shall take them around myself and show them just how similar parts of my constituency are to urban Birmingham.

No matter what the constituency, none of them are uniformly affluent or poor. Areas of wealth and deprivation exist in them all and the needs of the vulnerable in my constituency are no less valid than those of the vulnerable in the constituencies of Opposition Members. As we are forced to make Labour's cuts to local government spending, it is essential that we also devolve local decision making and cut bureaucracy. Let me end by saying that we must make sure that never again is local government funding allocated according to petty party politics. It should be allocated according to local need. I support the amendment.

9.40 pm

Mr Gordon Marsden (Blackpool South) (Lab): We have had the benefit of a full day's debate and, by goodness, we needed it to draw out from Members on the Government Benches the full colour of their rhetoric.

Let me pay tribute to the two maiden speeches made today by the hon. Member for Wolverhampton South West (Paul Uppal), who, with great elegance and lightness of touch, paid tribute to both his Sikh heritage and his predecessor, and by the hon. Member for Dudley South (Chris Kelly), who also praised his predecessor.

May I thank all Labour Members, who have contributed so strongly? My hon. Friends the Members for Coventry South (Mr Cunningham) and for Denton and Reddish (Andrew Gwynne) spoke about the shambolic way in which the Government have dealt with the programme of cuts, and my hon. Friend the Member for Denton and Reddish also talked about the holistic nature of agencies in local government. My hon. Friend the Member for Sheffield South East (Mr Betts), who chairs the Communities and Local Government Committee, gave a forensic dissection of the drift and incoherence of Government policy on social housing, and my right hon. Friend the Member for Salford and Eccles (Hazel Blears) rightly picked up on the human aspects of all this.

Other good speeches came from my hon. Friend the Member for Lewisham East (Heidi Alexander), who talked about how unfair the cuts are, from my hon. Friend the Member for Wirral South (Alison McGovern), who talked about the impact on the future jobs fund in her constituency, and from my right hon. Friend the Member for Sheffield, Brightside and Hillsborough (Mr Blunkett), who reminded us in his powerful speech that it is the people who sweep our streets, who teach and who look after our elderly who are most affected. My right hon. Friend the Member for Don Valley (Caroline Flint) made the point, which Members on the Government Benches would do well to listen to, that we did fix the roof while the sun was shining.

My hon. Friend the Member for Birmingham, Erdington (Jack Dromey) talked about the Conservative party as modern-day Leninists. I wonder whether the Secretary of State, as a modern-day Stalinist, would agree with that. My hon. Friend the Member for Chesterfield (Toby Perkins) talked about the impact on the voluntary sector and the big society, and, finally, we had a bravura performance involving Daleks and, again, the Secretary of State, from my hon. Friend the Member for Derby North (Chris Williamson).

Those speeches, and the examples that hon. Members have given, have shown that the impact of the cuts is being felt already. As the *Financial Times* survey of 22 June showed, Connexions Positive Activities for Young People and free school meals are highly visible services that will be cut the most. The Chairman of the Select Committee also pointed that out. Just as there was nothing in the Government's Budget for younger people, so there is nothing for younger people in these cuts. The Government are removing subsidies from the six-month offer and they are ending the second tranche of the future jobs fund. All that means 40,000 to 80,000 youth jobs going.

Those decisions are not based on evidence. The editor of the *Local Government Chronicle* has said that in this short-term world—the short-term world that Members on the Government Benches inhabit—it is judgment and ideology that are key to decision making. As I used to be told at school, it is like the old speaker's notes, "Argument weak here, shout like mad," for those on the Government side.

Analysis of the future jobs fund shows that there was significant improvement in relation to the 12% figure up to the end of January 2010. As the leader of Barnsley council said, the Government have scrapped the scheme when it was just getting going. The future jobs fund worked towards success and breaking a vicious cycle.

My right hon. Friend the Member for Southampton, Itchen (Mr Denham), in his excellent speech, talked about the way in which the Government have ignored Total Place and the way in which free schools, elected police officers and NHS commissioning are all part of pushing towards silo government. The Government are taking up positions based on departmental silos to avoid taking collective action across departments. What about their new policy proposals? Where will the equity be in schemes that will cream off significant amounts of money? What will the position be for students with special educational needs, for example, in the new free schools? Total Place shows what can be done, but, unfortunately, the Government parties seem to have a completely confused approach to it. The danger is that their shambolic representation of this issue will entrench inefficiencies as those silos and the salami-slicing of budgets set in.

What do the Government expect to fill the vacuum? The voluntary sector and the big society. Although the coalition expects third sector bodies to play a key role, the cuts that have been announced will be a triple whammy for them. As was pointed out by my hon. Friend the Member for Birmingham, Northfield (Richard Burden), councils will cut the sums that third sector bodies currently receive. The resulting financial pressure will restrict the capacity of those organisations at the very time when they are expected to take on a greater role—another point made by many Opposition Members.

In what environment will those third sector organisations that are expected to fill the void be expected to operate? Will they be able to secure proper service level agreements and guarantees, given that councils will be under significant funding pressures throughout the current Parliament? What will be in it for them, and will they even be able to perform that rescue job when their capacity has been hit in the ways that I have described? No wonder so many of those bodies and their representatives—the National Council for Voluntary Organisations, the chairman of the Charity Commission and the chief executive of the Association of Chief Executives of Voluntary Organisations—are criticising what the Government

[Mr Gordon Marsden]

are doing. As Stephen Bubb has said, "If politicians in government would only recognise that there is a cost to volunteering, and that charities and other third sector organisations can't simply expand their volunteering to fill the gaps."

Many charities rely on public money to function, and funding from central and local government now accounts for 36% of charities' incomes. Apparently, the Secretary of State warned Tory councillors last Friday that they might experience cuts of between 30% and 40% during the current Parliament. No wonder—again—that third sector bodies such as Age UK, and outside experts such as the King's Fund, say that the Government's actions will leave councils with almost no money with which to support people in their own homes.

What about George Osborne's other great white hope—*[Interruption.]* What about the Chancellor—for now—and his great white hope, the private sector? As Opposition Members have pointed out quite straightforwardly, no account has been taken of the existing dependence on public contracts. No attempt has been made to squeeze out or drop out. Many refuse contracts are already outsourced; how will those contractors cope with Comrade Pickles's latest diktat about weekly refuse collections? *[Interruption.]* I refer to the right hon. Gentleman the Secretary of State.

The cuts faced by local government are part of a continuum: savage public sector cuts that will have a devastating effect on local economies. They should not be viewed merely within the framework of job losses in town halls or recruitment freezes. The ability of councils to boost economic development in deprived areas has been taken away, and those in the poorest communities will suffer most. Reports from the Greater Manchester business leadership council have already shown that public sector job cuts can push retailers into relocating from towns and cities with high public sector employment.

These Budget measures will lead to 725,000 job losses up to 2015. What structural abilities will be available to sort this out, given that the Government are leaving the regional development agencies in limbo and there are no successors around? The Government need to be wary of the dangers of a squeeze on public pay. With a work force demonised and demoralised by them, where will it lead us?

Given the way in which these cuts have been made, I want to make a final point about the financial structure. *[Interruption.]* If the Secretary of State had been here for most of the debate, we might have taken a little more notice of what he has had to say. What I want to say is that this huge leap in the dark—*[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. Will Members contain themselves just a bit as we approach the end of the debate so that we can hear all the contributions, as opposed to all the private conversations that are taking place?

Mr Marsden: Thank you, Madam Deputy Speaker.

This huge leap in the dark is based on the market fetishism and sado-monetarism that are practised by so many Members on the Government Benches. The Office for Budget Responsibility has shown that the Budget of my right hon. Friend the Member for Edinburgh South West (Mr Darling) was prudent in its estimate of the budgetary outlook.

Nadhim Zahawi: Will the hon. Gentleman give way?

Alec Shelbrooke (Elmet and Rothwell) (Con): Will the hon. Gentleman give way?

Mr Marsden: No, I will not give way.

Government budgets are not like those of individual businesses or households. Cutting Government expenditure automatically reduces the income of private businesses and households. As the well-known economic expert on local government Tony Travers has said, Britain is about to submit itself to an enormous economic experiment. But it is Government Members who are submitting people to it and it is the people we care about who are going to suffer as a result of it. It is good that so many Labour Members have talked about the human impact on individuals of cutting programmes such as connecting communities, Connexions and Positive Activities for Young People.

Local Government, as my protesting workers in Blackpool said to the council yesterday, is about connection and so-called social cohesion. Ultimately, it is about human respect and impact on individuals. While we have hollowed-out policies being put over by hollowed-out people opposite, we will not flourish. That is why we have moved this motion tonight.

9.51 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): It has been a lively debate with plenty of passionate opinions and not too many facts from those on the Opposition Benches. Thirty three hon. Members have contributed to the debate, and before I deal with as many of their points as I can, I pay tribute to the hon. Members who made maiden speeches today— the hon. Member for Wolverhampton South West (Paul Uppal), who demonstrated a light touch but also a determination to stick up for his constituents, and the hon. Member for Dudley South (Chris Kelly), who is local and proud of it; his sense of fairness, he thinks, is embedded in his constituency.

We in the Government are under no illusion that local authorities face significant challenges, but deficit reduction and continuing to ensure economic recovery is the most pressing issue facing Britain today. Given that fact, it is fair that local authorities make a contribution to that reduction in Government spending—a proportionate reduction. It will enable the Government to take immediate action to tackle the UK's unprecedented £156 billion deficit inherited from the previous Government.

Mr Betts: Will the Minister give way?

Andrew Stunell: I will give way in a moment, but let us be clear that for every £300 of income we are getting, we are spending £400 and putting the extra £100 on the credit card; £156 billion is going on the card this year, adding to £1,400,000 billion of debt. Putting that right does not guarantee recovery, but failing to put it right guarantees failure of the British economy.

No local authority will face a reduction in its revenue grant of more than 2%, where councils have received final allocations. I want to nail one of the myths that came up in the debate—the idea that the other grants somehow are tilted against the north, or the inner urban areas. The housing and planning delivery grant reduction has an impact of £1.45 per head in the metropolitan boroughs. In the shire districts, which Opposition Members thought were getting a free ride, the cost is £3.10 per head. The south-east is paying 90p a head, the north-east is paying 70p a head. Opposition Members' charge is completely misplaced.

The £29 billion of formula grant—the main source of funding for local government—will be protected. There are no controls on how that money is spent in these reductions. The ring-fencing of non-schools revenue and capital funding is reduced from 10.6% to 7.7%.

Mr Blunkett: Will the Minister give way?

Andrew Stunell: I will give way in a moment, but I want to tell the right hon. Gentleman one or two facts that he has failed—

Mr Blunkett: Will the Minister give way?

Madam Deputy Speaker: Order. Mr Blunkett, the Minister is declining to give way at this point, and he says that he will give way later on.

Andrew Stunell: I shall give way in a moment, when the right hon. Gentleman has listened to this statistic. [HON. MEMBERS: "Oh!"] Well, a few facts would not go amiss in this debate. In 1998, 4.6% of local government expenditure was ring-fenced. The previous Government put it up to 14%, and we are getting it down to 7.7%. That will give councils the freedom and flexibility that they need to concentrate on local priorities and to protect the front line.

Mr Blunkett: Will the Minister repeat the statistic that he gave on the £29 billion revenue support grant and explain how it will be protected? What will a 30% cut in that grant mean in real terms to local government over the next four years?

Andrew Stunell: My point was about the £6.2 billion of cuts that have been referred to throughout the debate. The decisions on the comprehensive spending review are not mine to reveal.

Mr Betts: During the general election campaign, the Minister said that immediate cuts were not necessary or desirable. Will he tell the House precisely on what day he changed his mind?

Andrew Stunell: About the time that, instead of simply banks failing throughout the world, countries were failing throughout the world.

We expect councils to continue to protect essential, front-line services this year. The decision on where to make the changes to their budgets is one for them to take. We have given them the flexibility that they need to deliver that, and, with local government accounting for about one quarter of United Kingdom public sector spending, the level of cuts that they are taking is proportionate. In the context of greatly reduced public finance, it is right that all parts of the public sector bear some part of that.

Like Opposition Members, I wish that this programme were unnecessary or avoidable, but unlike them I remember my right hon. Friend the Secretary of State for Business, Innovation and Skills, when he was the Liberal Democrat Treasury spokesman, warning them time and again, year after year, Budget after Budget, that they were following a path to fiscal destruction. On uncontrolled debt, unregulated banks and unfounded public spending, they would not listen then and do not want to listen now. They hollowed out Britain's economic base, mortgaged Britain's financial future, gambled on the banks and blew away our manufacturing industry, and now when the bailiffs are at the end of the street, they still want to spend, spend, spend.

It is time that the Opposition got real, faced up to their catastrophic destruction of this country's public finances, hung their heads in shame and confessed that their misplaced love affair with the casino bankers leaves this House, this Government and the British people with no choice but to tighten our belts, pick up Britain's economy and get it going again. I urge the House to support the Government's amendment.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House divided: Ayes 243, Noes 335.

Division No. 12] **[9.59 pm**

AYES

Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark

Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Mr Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Illsley, Mr Eric
Irranca-Davies, Huw
Jamieson, Cathy
Johnson, Diana R.
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCann, Mr Michael
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme
Morris, Grahame M.
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela *(Penistone and Stocksbridge)*
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thomberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Woolas, Mr Phil
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Kerry McCarthy and Steve McCabe

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Mr Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Colley, Dr Therese
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick

Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, Mr Elfyn
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, Dr John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and James Duddridge

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).

That the proposed words be there added.

The House divided: Ayes 334, Noes 243.

Division No. 13] **[10.15 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Bagshawe, Ms Louise
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Peter
Bradley, Karen
Brake, Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew

Brine, Mr Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, Mr Simon
Burrowes, Mr David
Burstow, Mr Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mr Mark
Foster, Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Mr Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kennedy, rh Mr Charles
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, Dr John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, Mr Desmond
Swinson, Jo
Swire, Mr Hugo
Syms, Mr Robert
Tapsell, Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill

Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
James Duddridge and Norman Lamb

NOES

Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Byrne, rh Mr Liam
Cairns, David
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Mr Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Illsley, Mr Eric
Irranca-Davies, Huw
Jamieson, Cathy
Johnson, Diana R.
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Keen, Alan
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCann, Mr Michael
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Mr Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme
Morris, Grahame M.
Mudie, Mr George
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Phillipson, Bridget
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Singh, Mr Marsha
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela *(Penistone and Stocksbridge)*
Smith, Nick
Smith, Owen
Soulsby, Sir Peter
Spellar, rh Mr John
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Woolas, Mr Phil
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Kerry McCarthy and Steve McCabe

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House regrets the doubling of council tax under the last government, its cuts to services such as rubbish collections and its legacy of public debt; expresses concern that the prospect of paying for £70 billion a year in debt interest represents a total

[Andrew Stunell]

of more than is currently raised from council tax, business rates, stamp duty and inheritance tax combined; welcomes the new Government's immediate support for frontline services by protecting £29 billion of formula grant, removing £1.2 billion of ring-fencing and abolishing red tape such as the Comprehensive Area Assessment; backs the support for hard-working families and pensioners through a council tax freeze and the abolition of the previous government's plans for new bin taxes; further welcomes the scrapping of the unfair ports tax which threatened to harm Britain's whole manufacturing sector; supports the reductions in business rates for small firms; acknowledges the significant efficiency savings already delivered by local government but believes that there is further scope for savings through joint working, professional procurement practices and radical town hall transparency; and asserts the importance of delivering local economic growth to all local communities across the country, assisted by new financial incentives, and of giving new freedoms to councils to allow them to focus their help on local priorities and those most in need.

Bus Services (Milton Keynes)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

10.30 pm

Iain Stewart (Milton Keynes South) (Con): I am grateful to have secured this debate. I requested it because of the significant level of disquiet in my constituency and that of my hon. Friend the Member for Milton Keynes North (Mark Lancaster) over the new network and timetable introduced by Arriva buses throughout Milton Keynes on 25 April. The new network and timetable were introduced with hardly any proper consultation, and there have been significant complaints about the punctuality and reliability of the new services.

It is fair to say that, in the seven or eight weeks for which have been a Member of the House, I have had more letters and e-mails on this subject than on any other. On 11 June, my hon. Friend and I attended a forum organised in Milton Keynes. It was a protest meeting organised by the Milton Keynes older persons forum, and I congratulate Peter Ballantyne and his colleagues on organising it. I have never been to such a packed public protest meeting—it was literally standing room only. That gives an indication of the level of disquiet in Milton Keynes over the new bus system.

Before detailing the concerns expressed and outlining what I hope are some of the possible solutions, I shall explain why the design and geography of Milton Keynes makes the provision of good bus services more complex than in many other cities and towns. Unlike most towns and cities, the normal pattern of travel is not just in what one might term a hub-and-spoke arrangement, under which the broad direction of travel is from outlying residential areas into the urban centre, where most businesses, shops and leisure activities are. There is that travel in Milton Keynes, but our grid system disperses places of employment, leisure and retail throughout the city. So the patterns of travel are not just from the outskirts into the middle, but multi-directional at any given point in the day. That presents a challenge to bus operators to put in place an effective system.

Mark Lancaster (Milton Keynes North) (Con): My hon. Friend is making a powerful case on behalf of his constituents and is to be congratulated on securing this important debate. Of course, the added complication in Milton Keynes is that about 80% of the unitary authority is rural, so as well as a rather complicated grid-row system we have the rural bus network that makes it even worse.

Iain Stewart: My hon. Friend makes an important point. Some of the villages in his constituency, as in mine, either do not have a bus service at all or have such a limited one that it is not reliable for people without cars. Little Brickhill, in my constituency, is one of the villages that lost its post office jut over a year ago. Now the residents there do not have a bus service to get to the nearest post office in the town, so they have had a double whammy in the loss of services. That is an important additional aspect to devising a good bus network.

The other curious and unique feature of Milton Keynes is that the grid road system has fast roads skirting around each of the residential areas, so that cars and buses can travel at high speed. It presents a trade-off between the speed of services and accessibility.

There is a choice of either driving buses down the grid roads, which are far away from most people's homes, or going into the estates, which inevitably lengthens the journey. I appreciate that the bus operators have a difficult task in marrying up those two objectives.

Arriva stated when it introduced the new system that it wanted a faster network. That is what it has achieved, but it has done so at too great a cost to many of the services people rely on. There has been significant opposition to the changes, as I detailed earlier.

I will spare the House a detailed analysis of the individual routes that have changed, but I hope the following gives a little flavour of some of the problems that have arisen since the changes at the end of April. I have had letters from students who have either been late for their exams or missed them altogether; they could not rely on a bus service to get them there in time. Similarly, patients have either missed their hospital or doctor appointments, or been unable to attend them without an inordinately long journey, which they are sometimes not physically capable of making. They are therefore forced to rely on the charity of neighbours or families to transport them, or to face the expense of a taxi.

The Stony Stratford business association wrote to me about its considerable concerns about a downturn in trading following the changes. That is because a direct service into Stony Stratford, which many pensioners used, was lost. I have had reports from volunteers and carers, saying that they are now finding it so difficult to get to the homes of the people they are looking after that they have had to reassess their commitments. Finally, I have had reports from employees, who used to enjoy fast and frequent service to their places of work, but now have to endure such a long and convoluted journey that they are often late into work and have to use up their lunch hour to make up time. These are serious disadvantages, and I believe that many of them are a product of insufficient consultation among Arriva buses, the parish and town councils and different organisations in Milton Keynes.

I have also received complaints that Milton Keynes council itself has not been attentive to the implications of the changes and that there has been a lack of co-ordination. It spent a considerable amount of money putting up fancy new signs saying "this is where the buses come", and it has put up fancy new bus stops at great expense, which are now not used. There has been a considerable waste of money, which I do not think should have happened. Advertising and notifying passengers of the changes have also been a problem. When I raised that subject briefly in Transport questions a couple of weeks ago, the Minister kindly indicated that he might look at changing the regulations that govern this matter.

The situation is getting so bad that I understand that the traffic commissioner is now aware of the problem and is actively considering whether to intervene if the proper notification from different organisations in Milton Keynes is forthcoming. I do not want to spend this evening looking for scapegoats, going into who caused the problem and who did not do what. I am more interested in solutions and learning any lessons that might be applicable elsewhere.

There have been some positive developments. A new bus users group has been set up by the council, which is starting to act as a good conduit for complaints. Arriva is now looking at adjusting some of the routes to ameliorate some of the major problems that have arisen. It is a helpful development that the remit of Passenger Focus has been broadened to include bus services, which have always been the Cinderella service compared with train services.

I appreciate that it is right for much of the detail to be resolved at the local level rather than coming before Parliament, but I have sought to raise this subject in the House because I think we can learn some lessons from this unhappy state of affairs that may be helpful across other areas of the country. The Minister has kindly indicated that he will look at the notification period and I hope that that might be extended to review the process of consultation, as different groups in the affected constituency must be involved if there is to be a major restructuring of the bus network. I suggest that that should include not just unitary authority councils, but parish and town councils, and I also suggest it should include the local hospital and GP practices, because if people are unable to get to their appointments in time, that is a serious public health issue. It is vital that schools are involved as well, because if pupils cannot get in to sit their exams on time, or simply cannot arrive on time for ordinary classes, that is an issue. Milton Keynes has such a low housing density that schools have large catchment areas, so pupils have to travel considerable distances.

Mark Lancaster: There might have been more than 450 people at the meeting that my hon. Friend and I attended. Does he agree that they expressed great anger that there was almost no consultation and that they did not have the opportunity to make their voice heard about the changes that were made?

Iain Stewart: My hon. Friend is exactly right. If people had been consulted at the outset, many of these problems could have been avoided.

There is a trade-off between having a fast route between any two points in a city and having the route go through the main residential areas, but it is surely not beyond wit and wisdom to have a two-tier service with, perhaps, one express bus that does not call everywhere and the next bus as a stopping service that goes to all the different residential areas. These details should be worked out between the operators, the council and the different groups that I have identified, and I would also include local employers in the consultation. I am pleased that the coalition Government agreement has a provision to encourage greater co-operation between councils and bus operators, and I am interested to hear what further comments on that the Minister might be able to make.

Finally, I ask the Minister to take account of the evidence from Milton Keynes and other areas where there are bus problems and to look again at the effectiveness of the provisions of the Local Transport Act 2008, particularly in relation to quality partnerships and contracts. I know they were introduced fairly recently, but I think it is appropriate now to review their effectiveness and consider what further changes might be made.

The decentralisation Bill is due later this year. We want to encourage greater devolution and decentralisation, and also open-source planning that leads to properly sustainable communities. I hope that that Bill might be an appropriate vehicle through which to address the changes I have discussed in this debate.

[Iain Stewart]

I do not believe it is right for central Government to be overly prescriptive in determining what bus system operates in what area. What works in one area might not be applicable elsewhere, and, as I have said, Milton Keynes is unique in its design. However, I hope that by raising this subject I have brought to the Minister's attention the fact that there is serious disquiet in Milton Keynes, and I would be grateful to learn of any steps he might take to encourage greater co-operation and consultation. I am grateful to have had the opportunity to raise this issue, and I hope my postbag on it will start to decline after this debate.

10.45 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I congratulate my hon. Friend the Member for Milton Keynes South (Iain Stewart) on securing this Adjournment debate and on the effective way in which he presented his case. I understand that he is a keen marathon runner, so he will be quite used to making his journeys through urban areas at high speed on foot. However, for the rest of us who only run for office, public transport is often required for such journeys, so I am pleased to have the opportunity to discuss the subjects he has raised tonight.

Buses play a hugely important role in our transport system. More journeys are made each year on buses than on all other public transport modes put together. Where a bus network works well, the bus can provide more than mere convenience. It is no exaggeration to say that a good-quality bus service can be a lifeline, particularly for those who do not have access to a car.

The best bus networks exist where local government and operators work productively together. However, for this to happen, central Government need to provide an appropriate legislative framework that enables innovation and creativity from bus companies, and provides local authorities with the flexibility to use their local knowledge to manage their bus networks in a fair and logical way. Local government needs to work closely with operators and the travelling public to ensure that we have a local transport network that works for everyone, and transport operators need to listen to the views of their passengers to ensure that their decisions reflect those views and the views of locally elected representatives.

Cities and large towns evolve and grow, and it is inevitable that local transport provision changes to reflect this. This is especially true for ambitious cities such as Milton Keynes, as evidenced by the extensive redevelopment of the Milton Keynes Coachway station, to be completed later this year. I suspect that that project will bring huge benefits to the city, and I very much hope it will inspire other cities to consider similar projects.

However, in respect of the specific issues my hon. Friend raised, I acknowledge that when changes are made to timetables, they should be implemented in a way that minimises disruption for passengers. While there is currently no requirement for bus operators formally to consult local residents, we know that the best operators work closely with passenger groups and local authorities to ensure that they are listening to the voice of the passenger when these decisions are made.

I am aware of the particular public meeting to which my hon. Friend referred. I have in front of me an extract from his local paper, which points out that hundreds of people vented their anger at that meeting, which was held at Christ the Cornerstone church on the Friday in question. I note the concern expressed there, as reported in the press: that there was no public consultation before the changes were imposed, that several services were axed, and that route changes left some estates bypassed altogether. The fact that hundreds turned up to that meeting demonstrates the importance of the bus network to Milton Keynes, and the wish for people to be properly consulted about bus changes in their areas.

Of course, there are times when decisions are made that inconvenience local residents. Even when a rerouted bus service results in more people having access to local transport, that is of cold comfort to those who find that the bus that used to stop outside their front door now does not pass through their neighbourhood. I certainly agree that if we end up with expensive signs and new bus stops that become redundant, that is not a good use of public or private money. However, I am keenly aware of the importance of stability for passengers. A passenger who catches a bus today wants to know that the route will still be running next week. With stability in the network, passengers are able to build up a habit of using the bus, and are even able to look further afield for employment opportunities, confident that the bus they rely on to commute will not vanish overnight. This predictability is of course in the interests of the bus companies themselves as they seek to grow their business.

The Competition Commission is undertaking a large-scale inquiry into the bus industry. Competition is, I know, a concern of some residents in areas such as Milton Keynes, where bus services are largely provided by a single bus operator. I do not believe that it would be right or sensible tonight to pre-empt the commission's report by introducing wholesale regulatory changes before it has published its findings. My hon. Friend referred to the Local Transport Act 2008 and mentioned the possibility of a review. In a sense, a review is taking place through the commission's inquiry, which is looking at the regulation of the bus industry. That, in turn, will advise Government on whether further changes are necessary or not. We await the results of that with interest.

However, clearly some areas can be considered while the inquiry is ongoing, and my hon. Friend has raised some of them today. The Department for Transport has just completed its own consultation to explore some ways in which changes to the regulatory framework may help. For example, we sought views on whether it would be appropriate to extend the notice that an operator is required to provide before altering an existing service—my hon. Friend covered that point in his contribution. Currently, a bus company in England is required to notify the traffic commissioner 56 days in advance of any change. That is not the case in Scotland, where a bus company is required to have provided an additional 14 days' notice to the local authority before submitting such an application to the traffic commissioner. I can assure my hon. Friend that I am actively considering whether it would be appropriate to adopt a similar arrangement across England as well, and I hope to make an announcement shortly.

As my hon. Friend will be aware, local authorities already have a wide range of powers at their disposal, including the power to tender additional bus routes where they deem them to be necessary. That already happens in Milton Keynes, as it does right across the country, and I am sure that Milton Keynes council is examining the situation closely. I am informed that 17% of the bus mileage in his area is subsidised in this way; that figure is broadly in line with the national average outside London.

All local authorities in England have the powers to introduce different degrees of local regulation, through the use of a voluntary partnership agreement, the introduction of a quality partnership scheme or London-style franchising through the use of a quality contracts scheme. There is no reason why partnership agreements cannot include requirements for the operator to notify passengers before making changes to services or fares. So, in a sense, the tools to achieve what my hon. Friend wants are available if Milton Keynes council and others want to use them. In my view, local transport should, in the main, be managed at the local level, where local knowledge can be used to greatest effect. I can give him my assurance that the coalition Government are committed to this decentralisation.

I am aware that earlier this year the south-east regional transport board recommended the withdrawal of funding for the central Milton Keynes public transport improvement scheme, and that that came as a blow for Milton Keynes council, which had set a stretching target to increase bus patronage from 9.3 million in 2007-08 to 11 million in 2010-11. I am sure that the local authority is investigating whether it is possible to seek other routes for funding this proposal, either in its original form or some variant thereof. I understand that the council is looking at directing some of the revenue it receives from parking towards improvements in bus services, as well as seeking improvements in punctuality through its new punctuality improvement partnership, and I welcome that initiative.

The Chancellor of the Exchequer's Budget statement confirmed the coalition Government's commitment to a number of major transport schemes, and I will take the opportunity to repeat that commitment today. It is not, however, only major urban transport investment that yields big results. In comparison with major projects such as the upgrade to Birmingham New Street station or the extension to the Manchester Metrolink, proposals to improve local bus services may seem, and indeed are, very small. But it is important that we do not lose sight of the significant impact, both positive and negative, that small changes can have.

Although every area of government is going to have to work in a more efficient way, a local bus network is vital to a local economy, as it provides access to employment, goods and services for a huge number of people and more than 5 billion passenger journeys a day are made on local buses alone, so we need to ensure that the investment in services continues. Altogether, local and central Government provide about £2.5 billion in support to the bus industry, and it is important that we not only continue to provide financial support for services, but ensure that this money is allocated in a way that provides the maximum benefit across the board. Bus service operators grant, for example, directly provides operators with more than £400 million in support for bus services. The benefits of that grant are clear: it ensures that the bus network remains as broad as possible, while keeping fares lower and bringing more people on to public transport, with the obvious benefits of reducing congestion, lowering carbon emissions and improving air quality in our towns and cities. However, no matter how clear the benefits of such investment are, it is important that the Government get as much value as possible from every pound invested in services and it may be that we can increase the benefits of this grant even further. My hon. Friend may be interested to learn that I am considering whether it would be sensible to reform the way this grant is allocated, to ensure that it provides the maximum possible benefit for passengers. In general, I am determined that we should have a bus system that delivers good value for the taxpayer and good value for the fare payer.

Let me pick up on one or two points that my hon. Friend raised. First, I am pleased that the Milton Keynes older persons forum has been so active in this matter and I want to pass on my thanks to its members for their efforts in this regard. I am pleased that the new bus users group has been established and I hope that what I have said tonight, coupled with the steps being taken locally in Milton Keynes, will mean that we end up with an improved bus service and more satisfaction than was clearly shown at the public meeting attended by my hon. Friend and others. I know that my hon. Friend has been active in this case with Arriva and I hope that he will continue to be so in the interests of his constituents. I am sure that he will, and that my hon. Friend the Member for Milton Keynes North (Mark Lancaster) will do likewise.

In conclusion, I hope that this goes some way to assure my hon. Friend the Member for Milton Keynes South and his colleagues that I am considering a number of different options for improvements to the way central Government can assist local authorities in managing their bus networks. I intend to make further statements to the House once I have come to a conclusion on the best way to achieve our shared aims.

Question put and agreed to.

10.55 pm

House adjourned.

House of Commons

Wednesday 30 June 2010

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Presbyterian Mutual Society

1. **Dr William McCrea** (South Antrim) (DUP): What progress has been made in providing assistance to savers affected by the current situation of the Presbyterian Mutual Society. [4204]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Both the Prime Minister and I have publicly stated our firm commitment to working with the Northern Ireland Executive to ensure a just and fair resolution to the PMS situation, and all options are being considered. The reconvened ministerial working group will meet soon to review progress, and I will be its chairman.

Dr McCrea: Is the right hon. Gentleman aware that many of those with savings of less than £20,000 in the PMS are in the older age bracket? As a result, they have been denied access to their savings for more than 20 months and have faced hardship and great distress. Does he appreciate that the urgent resolution of this situation is necessary? What timetable is he working on to resolve it?

Mr Paterson: I am grateful to the hon. Gentleman for his question. I totally appreciate the severity of the pressures, particularly on older people, who are having trouble paying nursing home fees and so on. I would love to set a timetable, but I cannot do so. All I can say is that this Government take this issue seriously, we will get a grip on it, we have reconvened the working group and I will chair it. I very much hope that we will arrive at a solution.

Ms Margaret Ritchie (South Down) (SDLP): I thank the Secretary of State for his answer. Given the extent of central Government support for failed financial institutions and the severe budgetary pressures faced by the Northern Ireland Executive, does he accept that it is imperative that the Treasury endeavours to alleviate the financial burdens faced by savers in the PMS? Will he take those views on board when he begins to chair this group shortly? If the Northern Ireland Executive find resources for this organisation, will the Treasury match those several-fold?

Mr Paterson: I am most grateful to the hon. Lady for her question. I would not want to prejudge the result of our deliberations, so I merely say that my hon. Friend the Financial Secretary to the Treasury will be on the working group, and its other four members are all part of the Executive and will put the point of view of the Executive clearly in our deliberations.

Dissident Paramilitary Activity

2. **Mr Iain Wright** (Hartlepool) (Lab): What recent assessment he has made of the extent of activities of dissident republicans in Northern Ireland. [4205]

3. **David Simpson** (Upper Bann) (DUP): What his most recent assessment is of the level of security threat from dissident republican organisations in Northern Ireland. [4206]

7. **Mr David Hanson** (Delyn) (Lab): What recent assessment he has made of levels of dissident paramilitary activity in Northern Ireland. [4210]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): The threat level in Northern Ireland remains at severe, but the security forces continue to bear down on this small number of criminals. So far this year there have been 121 arrests and 30 charges brought, which compares with 106 arrests and 17 charges brought in the whole of 2009.

Mr Wright: I thank the Minister for his response. In the light of the Independent Monitoring Commission's report, the increase in the activity of a small band of dissident republicans and, in particular, the worrying use of car bombs, will he consider continuing the previous Government's practice of providing additional funds from the reserves to tackle terrorism?

Mr Swire: We did, of course, endorse that approach and, as my right hon. Friend the Secretary of State said, we wrote the most open-dated cheque in supporting the previous Government's moves in that direction before the general election. In my opening remarks, I referred to the level of activity among those who reject the peace process and who have, in effect, turned their backs on it. I do not wish to distinguish them by calling them "dissident republicans" because I believe that that gives them a status that they do not deserve. I believe that the security services, particularly the Police Service of Northern Ireland, the Department of Justice in Belfast, which is headed by David Ford, and crucially, the Garda in the Republic of Ireland, are working extremely carefully and closely together to try to prevent these atrocities from happening on a more regular basis.

David Simpson: The Minister will be aware that in recent days a 300 lb bomb and a 160 lb bomb have been planted in Northern Ireland by these so-called "dissidents". Further to the previous question, may I ask whether he will give assurances to this House today and to the people who live in the area where these bombs were put that we will get whatever resources are needed, be they financial or manpower?

Mr Swire: The hon. Gentleman's constituency had the pipe bomb in the grounds of the Brownlow PSNI station on 18 June and the tragic and unacceptable murder of Constable Stephen Carroll by the Continuity

IRA. The answer to the hon. Gentleman's question is that we support any bid by the PSNI for additional resources, and we will make representations to the Treasury as and when necessary, because the security of innocent individuals in Northern Ireland should be paramount in everything we seek to do.

Mr Hanson: Does the Minister agree that this is not just about the threat of bombs and dissident activity but about the fact that many dissidents in Northern Ireland—as I know from my experience as a Minister there for some time—are involved in criminal activity? Even today, we have seen reports of criminal gangs and prostitution run by dissident paramilitaries. Will he ensure that resources are available not only to tackle the emergency situation but to deal with the long-term security and crime issues that impact on the community across the Province?

Mr Swire: Indeed. Things have changed since the right hon. Gentleman was in Northern Ireland and, of course, crime issues that are without any kind of terrorist connotation are a matter for the Department of Justice, David Ford and the PSNI. Of course, we will provide all the resources that are needed. I cannot stress enough the close co-operation we have with the Garda on cross-border issues. I am delighted to make an announcement today on one of the things for which we have been lobbied by the PSNI—an automatic number plate reading device that will cost £12.9 million. The Secretary of State has been lobbying the Treasury since he took office and I am delighted to be able to announce to the House this morning that we have that funding for the PSNI. That will be a useful device in its continuing battle against those who would commit crime.

Mr Nigel Dodds (Belfast North) (DUP): May I congratulate the hon. Gentleman and the Secretary of State on their appointments and wish them well in Northern Ireland? Further to previous questions, may I ask what discussions have taken place between the Government, the Chief Constable and the Justice Minister in Northern Ireland on access to the security fund?

Mr Swire: I congratulate the right hon. Gentleman on his elevation to the Privy Council. We have regular meetings, both on a statutory basis and on an informal basis, with David Ford, the Chief Constable and others in Northern Ireland. We listen to the requests that they make for access to the funds, as the right hon. Gentleman suggests, but I think that they will be heartened by the news that when they asked us for something during the first few weeks of our being in power, we delivered.

Mr Dodds: I am grateful to the Minister for his response and congratulate him on his announcement today. Given that he is now off to a good start, I hope that he can continue with that. On the wider issue of resources, will he give us an assurance? Given the amount of powers that are devolved to Northern Ireland, one of his main tasks will be, along with his colleague the Secretary of State, to fight the Treasury for funds for Northern Ireland. He will be judged on that, so will he give a commitment that he is fighting on that front, too?

Mr Swire: The right hon. Gentleman will know that we do not have to fight with the Treasury, because in the Treasury are our dear and trusted colleagues. Whenever we have asked them for anything, they have delivered—although I would concede that that has happened only once to date. Without being particularly partisan against Labour Members, I refer the right hon. Gentleman back to the outgoing Chief Secretary's remark that "There is no money." This is a very tight fiscal round and I can assure the right hon. Gentleman that the Secretary of State and I will make representations to the Treasury when asked to do so on behalf of the devolved Administration in Northern Ireland.

Mr Laurence Robertson (Tewkesbury) (Con): I congratulate my hon. Friend and the Secretary of State on their appointments. Does the Minister agree that one way in which paramilitary activity can start to be countered is if there is co-operation between people in all sections of the communities in each of these areas? Is the Minister satisfied that sufficient progress is being made in that respect?

Mr Swire: I congratulate my hon. Friend on being appointed Chair of the Select Committee. I hope that that is one issue that the newly formed Select Committee will consider. Of course, he is right, particularly in the light of the Saville report on Bloody Sunday when, for many people, we finally got the truth of what happened on that dreadful day. It is incumbent on everyone in Northern Ireland to come forward and tell the truth. It is only through the truth being told that we can get reconciliation and allow Northern Ireland to move on in the way that everybody in this House would wish it to.

Mr Speaker: We need to make somewhat faster progress.

Paul Goggins (Wythenshawe and Sale East) (Lab): I welcome the Minister to his post and wish him genuinely warm good wishes in his responsibilities. I also welcome the very good news that he and the Secretary of State have secured this additional £12 million from the reserve. That is vital funding and I congratulate them on obtaining it. I am sure that he will agree that the Independent Monitoring Commission has played a vital role in the political process and in the peace process in Northern Ireland. Now that devolution is complete, what role does he envisage for the IMC in the future?

Mr Swire: I pay tribute to the right hon. Gentleman and I have heard nothing but good about his time in Northern Ireland as a Minister. He is a hard act to follow. To keep my answer short, in line with what you have just suggested, Mr Speaker, the IMC has, as the right hon. Gentleman knows, performed a sterling service. We and the Irish Government keep the continuing need for it under review.

Public Inquiries

4. **Paul Farrelly** (Newcastle-under-Lyme) (Lab): What his policy is on holding further public inquiries into events involving deaths which took place during the troubles in Northern Ireland. [4207]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I reaffirm the statement made to this House by my right hon. Friend the Prime Minister on 15 June, where he reassured the House that there would be

"no more open-ended and costly inquiries into the past."—[*Official Report*, 15 June 2010; Vol. 511, c. 741.]

Paul Farrelly: May I, too, congratulate my next-door neighbour from just over the border in Shropshire on his appointment as the Secretary of State? Does he agree that the Saville inquiry, no matter how long it took, marked a watershed in the troubled history of Northern Ireland? While respecting the families' legitimate rights still to grieve, it is important to look to the future. All the Governments of the past 30 years should be congratulated on their efforts toward reconciliation in Northern Ireland, but will he outline what specific initiatives the new Government will take to secure peace in Northern Ireland?

Mr Paterson: I am most grateful for my neighbour's kind comments. He is absolutely right that Northern Ireland needs to look ahead, but the people of Northern Ireland need to work together, and solutions for dealing with the past and looking ahead must be agreed among those who lead the country at local level. We cannot have solutions being imposed from above.

Mr Shaun Woodward (St Helens South and Whiston) (Lab): I, too, congratulate the Secretary of State and the Minister of State on assuming their posts. In the Prime Minister's statement on Saville, he said that he wanted to

"reassure the House that there will be no more open-ended and costly inquiries into the past."—[*Official Report*, 15 June 2010; Vol. 511, c. 741.]

We know that that was also the Secretary of State's position in opposition, so we were a little intrigued to hear from the Prime Minister in the same statement that we

"should look at each case on its merits." —[*Official Report*, 15 June 2010; Vol. 511, c. 744]

So—a straight answer here will do—does the right hon. Gentleman accept that he may have been a little rash, in opposition, definitively to rule out future inquiries, whatever the case? A yes or no will do.

Mr Paterson: I am most grateful to the shadow Secretary of State for his comments. I do not want to turn this into a love-in, but I compliment him on delivering the final stage of devolution. That was his great achievement as the Secretary of State. It is important, in considering that past, that we do not shut out any possible solutions. The Prime Minister said last week in his statement that the Historical Enquiries Team is doing good work, has support across the community and achieves very high satisfaction levels: 86% of those who have had HET reports were satisfied with its performance. For the time being, that is the route ahead, but we cannot impose a solution from above.

Mr Woodward: I am glad that the right hon. Gentleman mentions the HET, which he will know was established as part of a process and is not, of course, the process. It is looking at 3,268 unsolved killings, but after five years it is still working on the 1970s. It is not an inquiry, it is not an inquest and it is not a police investigation. We know that all families want the truth, so will he be straight with those families, including the family of the hon. Member for South Antrim (Dr McCrea), and admit that now Saville has been published, there is a responsibility on the Government to come forward with a fully funded, comprehensive process to establish and discover the truth and bring reconciliation for all families?

Mr Paterson: We have a process through the HET that is achieving very high levels of satisfaction—of the families who have had a report, 95% credited it for professionalism and 86% for performance. That is working. Before we go further, we need to work with local politicians. As I keep repeating, there is no role for us, as the national Government, to impose. I draw the right hon. Gentleman's attention to comments made by David Ford this week.

"We cannot have a Saville-type inquiry for all the tragedies of the past, but the fundamental matter of dealing with the past is something which has to be dealt with collectively by the Executive."

Consultative Group on the Past

5. **Mark Durkan** (Foyle) (SDLP): What plans he has to take into account the recommendations of the report of the Consultative Group on the Past in formulating policy on reconciliation measures in Northern Ireland. [4208]

The Secretary of State for Northern Ireland (Mr Owen Paterson): In determining what role I can play, I will of course consider the recommendations made by the Consultative Group on the Past. I will shortly publish a summary of responses to the previous Government's consultation on the group's proposals.

Mark Durkan: I congratulate the Secretary of State on his appointment and I thank him and his predecessor for the quality of contact and consideration that they extended to the families regarding the publication of the Saville report. On the wider issues of the past there are thousands of victims, all of whom have different needs in terms of truth, recognition and remembrance. Does the Secretary of State agree that the community also has a collective responsibility to discharge its regard for the past so that future generations will know that it was a dirty war and that we will never settle for a dirty peace?

Mr Paterson: I am grateful for that question and pay tribute to the hon. Gentleman, who has taken me to his constituency. I met the families in the Bogside two or three years ago, and on that trip I also met Dr Hazlett Lynch a few hours later. That drummed into me the fact that there is no consensus on the past. We have to work at local level, and I appeal to the hon. Gentleman to work with his colleagues in the Executive, in collaboration with us, to find a way forward. However, there is no black-and-white solution that will work if we impose it from above.

Naomi Long (Belfast East) (Alliance): May I add my congratulations to the Secretary of State on his appointment? Is he aware of the report produced this morning by the Commission for Victims and Survivors giving the Government advice on dealing with the past? How will he take forward the report's recommendations so that we have a more comprehensive process for dealing with all aspects of the past and the needs of victims?

Mr Paterson: I am grateful to the hon. Lady for that question. The document will form part of our listening exercise. We will publish the summary of the conclusions of those who responded to the previous Government

on the Eames-Bradley report. As I have said, we will be going round talking and listening to various groups, but I repeat—for the nth time in this question session—that we cannot impose. It is up to people in Northern Ireland to work together to decide a strategy going forward.

Pat Finucane

6. **Meg Hillier** (Hackney South and Shoreditch) (Lab/Co-op): When he plans to establish a public inquiry into the death of Pat Finucane. [4209]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I am aware of the previous Government's commitments and that there has been a long-running exchange between the previous Government and the Finucane family on the question of an inquiry.

Before I explain how I propose to approach this question, I want to hear the views of the Finucane family for myself. I have written to the family to invite them to meet me.

Meg Hillier: I welcome the Secretary of State to his position and thank him for that answer. Earlier, he indicated once again that there would be no more open-ended inquiries, but when the Prime Minister responded to the Saville report, he said both that and

"but of course we should look at each case on its merits."—[*Official Report*, 15 June 2010; Vol. 511, c. 744.]

Although I thank the Secretary of State for his answer, I am not sure—and I wonder whether the family of Pat Finucane are sure—which of those positions holds true for that case.

Mr Paterson: As the hon. Lady knows, the issue was the subject of considerable discussion between the Finucane family and the previous Secretary of State. I think that today it is appropriate for me to talk to the family first rather than to give a black-and-white answer on how we are going to take this forward.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): As the Secretary of State will know, there is no bar to an inquiry on this issue, except that the family are looking for some kind of special provision. If he grants that, the danger is that he will create a hierarchy of victims, and that thousands of people who have not had justice will look on and wonder why they are not getting the same justice.

Mr Paterson: I am grateful for that, and the right hon. Gentleman makes a valid point. I repeat my earlier reply—that, at this stage, the first thing that I should do is to go and talk to the family—but I also repeat that it is our policy not to have any more costly and open-ended inquiries.

Dual Mandates

8. **Robert Halfon** (Harlow) (Con): What discussions he has had with ministerial colleagues on the system of dual mandates in the House of Commons and the Northern Ireland Assembly. [4211]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I should be demanding time and a half.

I have had several discussions with ministerial colleagues on the system of dual mandates. I believe that dual mandates should be brought to an end but that the best way to do so is by consensus among the Northern Ireland parties.

Robert Halfon: Does my right hon. Friend agree that so-called "double jobbing" has scarred Northern Irish politics for far too long? If local parties will not agree to end that voluntarily, will he consider introducing legislation to restrict the practice and ensure that double-jobbers take only one salary?

Mr Paterson: I am grateful to my hon. Friend for that question, and he is quite right. The time to end double-jobbing is upon us: quite simply, a Member cannot sit in two legislatures at once. We know from local polls that double-jobbing is very unpopular—in one poll, 71% of respondents were against it. We would like to negotiate with local parties and, if absolutely necessary, we would legislate. However, I draw attention to the example set by my hon. Friend the Member for Vale of Glamorgan (Alun Cairns). On the day that he was elected to this House, he announced his intention to stand down from the Welsh Assembly, and he has forgone his salary for the rest of this year.

Mr Speaker: Order. There are far too many private conversations taking place in the Chamber. It is very unfair on the hon. Member asking the question, and indeed on the Minister answering. The House must come to order.

Bill of Rights for Northern Ireland

9. **Maria Eagle** (Garston and Halewood) (Lab): When the Government plan to publish their response to the consultation on a Bill of Rights for Northern Ireland. [4212]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I intend to publish a summary of responses to the consultation on a Bill of Rights for Northern Ireland shortly.

Maria Eagle: I thank the Minister for that illuminating reply. Before the election, the Secretary of State expressed scepticism about legislating for a Northern Ireland Bill of Rights, but does the Minister accept, now that he is in office, that as there was a solemn commitment to doing so, and as that was part of the Belfast agreement, it would present difficulties in the peace process if he were to renege on that commitment now?

Mr Swire: I do not think that there is any question of reneging. The fact is that the world has moved on; we now have a coalition Government who are committed to looking into a UK-wide Bill of Rights. Of course we remain committed to fulfilling the commitments in the Good Friday agreement, and we are considering the best way of doing that within the architecture of a UK-wide commission. We genuinely believe that if we are to have a UK-wide Bill of Rights, the people of Northern Ireland are best represented within that, rather than by any stand-alone sideshow.

Security Threat

10. **Mr Gregory Campbell** (East Londonderry) (DUP): What recent discussions he has had with the First Minister and Deputy First Minister on the level of security threat in Northern Ireland; and if he will make a statement. [4214]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): As I said in answer to previous questions, the threat level in Northern Ireland remains severe.

Mr Campbell: The Minister will be aware that in north-west Northern Ireland, more pipe bombs were exploded or defused in the first five months of this year than in the entire 12 months of 2009. On the Fountain estate in Londonderry, hundreds of attacks have taken place in the past year. What resources are being put into Northern Ireland to ensure that the police—and the Army, if called on—are there to respond to such a threat?

Mr Swire: The hon. Gentleman will be glad about our announcement this morning on automatic number plate recognition. That will be a useful tool for the Police Service of Northern Ireland. He mentioned pipe bombs; we condemn all those attacks. They are indiscriminate, and they target innocent people. When we talk about policing in Northern Ireland, it is worth remembering that operational decisions are matters for the Chief Constable, in whom we have great faith and with whom we have regular meetings, and of course the Department of Justice and David Ford. It is perhaps worth remembering that in Northern Ireland, there is still an average of 4.36 police officers per 1,000 of the population. That compares with 2.87 per 1,000 of the population in England and Wales. I am not saying that that is necessarily enough—it can never be enough—but there are police and resources, and we respond to demands from the PSNI.

Dr Alasdair McDonnell (Belfast South) (SDLP): What is the Minister's assessment of the wider security threat in the context of Ulster Volunteer Force activity and the murder of Bobby Moffett?

Mr Swire: I join most people in this House, I suspect, in condemning the gunning down of Bobby Moffett in the cold light of day in a completely unacceptable way, and I pay tribute to all those people who live in that part of the city and who attended his funeral. The hon. Gentleman would not expect me to make any judgment on the case, as it is obviously the subject of ongoing investigation by the PSNI, but it is not impossible that there will need to be a hard line taken later, in the autumn, when the IMC next reports.

Presbyterian Mutual Society

11. **Conor Burns** (Bournemouth West) (Con): What recent discussions he has had on his Department's policy in response to the collapse of the Presbyterian Mutual Society. [4215]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I have held a number of discussions with both Treasury Ministers and Ministers from the Northern Ireland Executive in recent weeks as we seek to identify options to assist members of the Presbyterian Mutual Society. The reconvened PMS ministerial working group will meet soon to review progress.

Conor Burns: I welcome the Secretary of State's reply, which will give some reassurance to the thousands of people in Northern Ireland affected by the collapse. Does he recognise that there have been 18 months between the collapse of the society and the general election, and that this is another example of the Labour party leaving a mess for us to sort out?

Mr Paterson: My hon. Friend is absolutely right, because it was a boast of the previous Prime Minister that

"No UK depositor has lost money."

That is why we have decided to grip the issue, and why I will chair the working group. I very much hope that we will come to a resolution soon.

Ian Paisley (North Antrim) (DUP): Rather than those on both sides of the House playing party politics with the needs of savers in Northern Ireland, can the Secretary of State tell the House when he will come to a conclusion, so that savers, especially pensioners who are hard pressed at this time, can access and use their money?

Mr Paterson: We have been in power only seven weeks. We have set up the working group. We will set about our work with determination, and I hope we will provide a solution soon.

Bob Stewart (Beckenham) (Con): Speaking as someone who was very kindly treated by the Garda when I made a map-reading error in hot pursuit, may I ask my right hon. Friend what the relationship currently is between the Garda and the Police Service of Northern Ireland?

Mr Speaker: I am extremely grateful to the hon. Gentleman, but unfortunately his question does not relate to the response to the collapse of the Presbyterian Mutual Society. I hope he will take that gentle admonition in the spirit in which it was intended.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [4720] **Kevin Brennan** (Cardiff West) (Lab): If he will list his official engagements for Wednesday 30 June.

The Prime Minister (Mr David Cameron): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Kevin Brennan: Is the reason that the Prime Minister wants to put fewer criminals in jail to do with cutting crime or cutting budgets?

The Prime Minister: What the Government want to do is clear up the complete mess of the criminal justice system left by the Labour party. Each prison place today costs £45,000, yet 40% of prisoners are back in

prison within a year, more than half of them are on drugs, and around 10% of them are foreign national prisoners, who should not be here in the first place.

Nadine Dorries (Mid Bedfordshire) (Con): The American waste giant, Covanta, is proposing to build in my constituency an incinerator about the size of Wembley. Will the Prime Minister give an assurance that decisions about such matters will be made at a local level in future?

The Prime Minister: My hon. Friend is right to raise this, and it is right that decisions should be made locally. We want to make sure that all the latest technology for alternatives to incineration is considered, so that we can make sure that we are using the best ways to achieve a green approach.

Ms Harriet Harman (Camberwell and Peckham) (Lab): We were very concerned this morning to read reports that as a result of the right hon. Gentleman's Budget, 1.3 million jobs will be lost. Can he confirm that this was an estimate produced by Treasury officials?

The Prime Minister: The right hon. and learned Lady should know—*[Interruption.]* I will give a surprisingly full answer if Opposition Members just sit patiently. This morning the Office for Budget Responsibility produced the full tables for the Budget for employment in the public and the private sector. That never happened under a Labour Government, right? As shown in the Budget, unemployment is forecast to fall every year under this Government, but the tables also show public sector employment. It is interesting that from the tables we can see the effect of Labour's policy before the Budget and the effect of our policy after the Budget. What the figures show is that under Labour's plans, next year there would be 70,000 fewer public sector jobs, and the year after that, there would be 150,000 fewer public sector jobs. We have had the courage to have a two-year pay freeze. I know we have all been watching the football, but that was a spectacular own goal.

Ms Harman: I know that the right hon. Gentleman has published some new figures today, but it is the figures that he has not published that I am asking about—the figures that show that 1.3 million jobs will be lost. Why will the Prime Minister not publish those Treasury documents? Why is he keeping them hidden?

The Prime Minister: The forecasts that are published now are independent from the Government. That is the whole point. *[Interruption.]* It is no good Opposition Members chuntering about that. They now support the Office for Budget Responsibility, completely independent of Government. The right hon. and learned Lady's approach is extraordinary. Before the election the shadow Chancellor, the then Chancellor, was asked on BBC radio on 23 April 2010, and the transcript says:

"'Will you acknowledge that public sector jobs will be cut?' Darling: 'It's inevitable.'"

Ms Harman: But even the OBR says that under the Prime Minister's Budget, unemployment will be higher than it would otherwise have been. It says that on today's figures and it said that on last week's figures. Can the right hon. Gentleman confirm that the secret Treasury analysis shows that under his Budget, 500,000 jobs will be lost in the public sector, but even more will be lost in the private sector?

The Prime Minister: The figures published today show 2 million more private sector jobs. They show 1.4 million more people in work at the end of this Parliament. They show unemployment falling every year. It is not really any surprise that the former Labour Minister, Digby Jones, after the Budget said—*[Interruption.]* Why not listen?

Mr Speaker: Order. I am sorry to interrupt the Prime Minister. I must ask hon. and right hon. Members to listen with some restraint. I want to hear the answers.

The Prime Minister: The Opposition gave him a peerage. They might as well listen to what he had to say. He said:

"I think that sign has gone up around the world saying Britain is serious about sorting out its economic mess".

He is right. It is a pity he did not say it when he was in office.

Ms Harman: The right hon. Gentleman has not answered the question about the 1.3 million. He has not agreed to publish those documents. He should know what abject misery this unemployment will cause to individuals, to families and to communities. Can he tell us now how much extra it will cost in unemployment benefits?

The Prime Minister: The right hon. and learned Lady does not seem to understand. Unemployment will be falling during this Parliament. We have published the full figures, but it is not now us publishing the figures, it is the Office for Budget Responsibility. She must understand that this is something the Labour party now supports. Let me repeat: the figures show that unemployment in the public sector would be higher under Labour's plans next year and the year after. When she gets to her feet perhaps she will tell us whether she now supports the pay freeze to keep unemployment down?

Ms Harman: Mr. Speaker, you can always tell when the right hon. Gentleman does not want to answer a question, because he asks me a question. He should recognise that under the OBR figures published today, unemployment is higher than it would have been because of his Budget. The same is shown in the OBR report last week. He will not tell us how much more the Treasury will have to pay out in benefits to people without work as a result of his Budget. Will he tell us how much less will be coming in in taxes as a result of fewer people in work because of his Budget?

The Prime Minister: There will be more people in work. Like every Labour Government, the Opposition left us with unemployment rising and at the end of this Parliament unemployment will be falling. That is the difference. My advice would be to look at the figures before standing up and asking the question. If one looks at the figures one sees higher public sector unemployment next year and the year after under Labour. The right hon. and learned Lady has slotted the ball straight into the back of her own net.

Ms Harman: We will look at the figures if the right hon. Gentleman will publish them. We know that because this Budget hits jobs, the Treasury will have less money coming in and more money going out. Does not that make reducing the deficit even harder and more painful, with bigger tax rises or even deeper cuts in public services? Why are the Lib Dems just sitting there letting this happen? No one who voted Lib Dem voted for this.

The Prime Minister: The right hon. Lady talks about reducing the Budget deficit, but we have not heard one single proposal for cutting the deficit. We all know that the Opposition left us the biggest Budget deficit in the G20—the biggest Budget deficit in our history. We have been having a good trawl for the stupidest piece of spending that they undertook, and I think we have found it. It was in her own Department, which spent £2.4 million doing up the Department, including £72,000 each on two-storey meeting pods known as peace pods. This is what they were for—*[Interruption.]* It is true. I am reading from her own Department's staff magazine. Taxpayers have a right to hear where their money went. This is where it went. It was

"a 21st century…space of quality, air and light, where we can…relax and refuel in a natural ebb and flow."

That is what has happened. They have gone from peaceniks to peace pods, and bankrupted the country in the process.

Mr Steve Brine (Winchester) (Con): The Prime Minister will be aware that Winchester hosted the largest homecoming parade of returning troops from Afghanistan to date last Wednesday afternoon, when 650 men and women from 11 Light Brigade marched through the city's streets in the presence of the Duchess of Cornwall. Will he join me in paying tribute to those 650 brave men and women, the 64 who did not make it home and, of course, the thousands of Winchester constituents of mine who showed their gratitude for a job well done?

The Prime Minister: I shall certainly join my hon. Friend in paying tribute to all those who served in Afghanistan. The homecoming parades that have been instituted are an absolutely excellent way of showing the whole country's support for our armed forces. He rightly talks about those who did not come home, and we should also think of those who have come home wounded and will need our support, backing and help in terms of health and mental health services, prosthetic limbs and other things of a really high quality for the rest of their lives. I am determined that we will honour that commitment.

Q2. [4721] **John Cryer** (Leyton and Wanstead) (Lab): The leaked Treasury papers are absolutely clear that unemployment will rocket by 1.3 million over the next five years. Does the Prime Minister not realise that millions of people watching this who face unemployment over the next few years will think that his comments are tinged with contempt in his refusal to answer perfectly straightforward questions from the Labour Front Bench?

The Prime Minister: The hon. Gentleman is wrong. We are publishing the figures, and they show exactly what will happen in terms of private sector employment and public sector employment. As the previous Government accepted, there will be reductions in public sector employment, but according to the Office for Budget Responsibility, which is independent of the Government, the growth in the private sector more than makes up for that. After he has left this room, he should maybe spend some time in a peace pod, wander to the Library and have a look at the figures, where he will see the Office for Budget Responsibility showing unemployment falling every year of this Parliament.

Q3. [4722] **Julian Sturdy** (York Outer) (Con): Following last week's much welcomed Budget announcement, does the Prime Minister agree that correcting our deeply unbalanced economy will require fresh investment and enterprise in many northern cities, such as my own of York, which for so long was neglected by the Labour Government? What assurances can he give to me and my constituents that the coalition will do all it can to encourage the economic growth—

Mr Speaker: Order. We are grateful to the hon. Gentleman. We need an answer.

The Prime Minister: My hon. Friend is quite right to raise that point, because during the past decade the disparity between regions actually got worse. Regional policy has for the past decade been a complete failure, and that is why we are right to cut rates of corporation tax, to say to new businesses, "You can set up without having to pay national insurance on your first 10 employees," to bias that policy in favour of parts of the country where the needs are greatest and to have a £1 billion regional growth fund that can help parts of the country such as the one that he represents.

Mr George Howarth (Knowsley) (Lab): Does the Prime Minister accept that one consequence of a prison sentence is that those serving them are unavailable to reoffend?

The Prime Minister: Yes, absolutely—I mean, that is absolutely right. That is why prison is there. I believe that prison can work; the fact is that it is just not working properly at the moment. When we have got those reoffending rates, the cost of each prison place and the appalling problem of drugs in prison, we have got to reform. If the Labour party wants to put itself on the side of the argument of simply defending the status quo, it is making a great mistake. If ever there were a part of our public services that needed radical reform to make sure that prison does work, then now, that is it.

Q4. [4723] **Stephen Lloyd** (Eastbourne) (LD): Given the Chancellor's recent comments stating that the UK is open for business, I should like to ask my right hon. Friend the Prime Minister why foreign students who come here to study at English language schools for a period greater than six months and contribute an estimated £600 million a year to that vital industry must now already be able to speak English before they can obtain a visa. Will the Prime Minister arrange for me and a delegation to meet the Immigration Minister to sort that out and show that our Government really are open for business?

Mr Speaker: There is a need to be a bit briefer.

The Prime Minister: My hon. Friend is absolutely right: we want to make sure that this country is open for business, and we are taking steps to do that. The point about people coming here to learn English is that, if they come to learn English for less than six months, that is permitted, but clearly there are problems, as everybody knows: too many bogus colleges and too many people pretending to come and study, when really they are coming for work. I shall certainly organise a meeting between my hon. Friend and the Immigration Minister to discuss that, but it is right that we have to deal with the problem of bogus colleges, where there has been so much abuse in recent years.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): The Prime Minister has said that he wants to see more companies owned by their workers—the so-called John Lewis model. Sheffield Forgemasters is one of those companies. Will the Prime Minister therefore now accept that he was wrong to criticise its shareholders for seeking a loan from the Government? They were not seeking to line their own pockets; they have not yet taken a penny in dividends. What they were seeking to do was ensure the future of that company and other jobs in the UK.

The Prime Minister: The hon. Lady talks about the importance of firms being owned by their own employees; I am looking forward to her support and the support of every Labour Member when we make sure that the Post Office has that sort of ownership model and we get the investment going as well. *[Interruption.]* I will take that as a yes, then.

Q5. [4724] **Mr Gary Streeter** (South West Devon) (Con): About 5,000 young people a year leave local authority care, and without parental support many of them end up on the streets or in our prisons. Do the new Government have any plans to intervene more effectively in the lives of that very vulnerable group, to try to improve their life chances?

The Prime Minister: My hon. Friend is absolutely right to raise this. We really do need to do better as a country. The fact is that around 0.6% of children are in care, but 23% of adult prisoners in our prison system were in care. We have to do better. One of the problems is that, unlike other 18-year-olds, children leaving care aged 18 have nowhere to go and no one to help them. We have to do better. We are looking at this area and I recognise that dealing with the scandal of the poor outcomes for children in care is something, frankly, that everyone in this House ought to support.

Caroline Lucas (Brighton, Pavilion) (Green): Homecoming parades for our very brave soldiers in Afghanistan are incredibly important, but so is an exit strategy from Afghanistan. Given the growing agreement that there is no military solution to the crisis there and that the head of the Army himself has said that we should start talking to the Taliban soon, would the Prime Minister not agree that we should start talking now, so that we can save more lives on all sides and bring our troops home?

The Prime Minister: May I first of all welcome the hon. Lady to the House? Winning her seat was an incredible achievement for her party, and I know that she will make a huge contribution during this Parliament.

We discussed Afghanistan at quite some length in the House yesterday. Of course there is no purely military solution; very few insurgencies are ended by purely military means. But I think it is important to continue with the strategy this year of the military surge, to put pressure on the Taliban—and, of course, there should be a political track. But as I said yesterday in the House, we have to recognise that there is a difference between the Taliban linked to al-Qaeda, who want to do so much harm not just in Afghanistan but across our continent as well, and those people who have been caught up in an insurgency for other reasons. Should there be reconciliation and reintegration? Yes, of course; there is, and we can go further. But I think that the things that the hon. Lady is talking about would not be advisable.

Q6. [4725] **Mark Lancaster** (Milton Keynes North) (Con): As we pay tribute to the members of our armed forces who have made the ultimate sacrifice in Afghanistan, it is worth remembering that for every life lost there, six more are changed for ever through the loss of one or more limbs. Sometimes there are things that money cannot buy, but I welcome the Prime Minister's announcement of an extra £67 million to try to help to counter improvised explosive devices. Will he explain to the House how that money will be spent?

The Prime Minister: I thank my hon. Friend for his question and pay tribute to him as a member of our Territorial Army reserve. He is himself a bomb disposal expert who has served in Afghanistan. What the bomb disposal and IED teams do is beyond brave. I saw for myself in Camp Bastion their training and instruction. They do a really extraordinary thing for our soldiers and our country. We announced an extra £67 million to give proper protection; £40 million of that is for more protected vehicles. We will also be doubling the number of teams. All the time, we have to keep up with the technology that our enemy is using.

My hon. Friend mentioned people coming home having lost one limb or two. These are young people, who do not just want to have a new limb and a quiet life—they want to run marathons and to climb Everest. They want to have fulfilled lives. We have to make sure that the support and the very best prosthetic limbs are there for them so that they can lead those lives.

Q7. [4726] **Kate Green** (Stretford and Urmston) (Lab): In light of the earlier exchanges about employment and job losses, does not the Prime Minister think that the announcement this week of a further 4,000 full-time-equivalent staff being cut from Jobcentre Plus by next March amounts to a false economy?

The Prime Minister: First, I welcome the hon. Lady to the House. Not everyone will know that she was head of the Child Poverty Action Group, which has done incredible work in our country over many years. I pay tribute to her for that.

Let me just repeat: the forecasts show employment rising—that is the key—and employment is the best way of tackling poverty. Of course there are going to be public sector job losses, and of course there are going to be cuts in some programmes—that would have been true under a Labour Government, and it is true under

our Government. The key, though, is gripping this problem so that we start to get confidence and growth in our economy and so we start to get the recovery. I say to Labour Members that they have got to engage in this debate rather than play this pathetic game of pretending there would not have been cuts under Labour. There would have been—they announced them, they just never told anyone what they were.

Charlie Elphicke (Dover) (Con): The campaign of the right hon. Member for South Shields (David Miliband) is so confused these days that he is seeking support from Conservative MPs. He says that the Budget was avoidable. Can I ask the Prime Minister whether it was avoidable or—*[Interruption.]*

Mr Speaker: Order. It is a good idea to start with a question that directly relates to the policy of the Government, but unfortunately this one does not.

Q8. [4727] **Liz Kendall** (Leicester West) (Lab): The paediatric cardiac unit at Glenfield hospital in my constituency provides outstanding care, not only in terms of the quality of surgery but of the excellent nursing, aftercare, and facilities and support for parents. Will the Prime Minister confirm that all aspects of care will be considered as part of the Government's review of children's heart surgery; and will he agree to visit the Glenfield's unit before the review makes its recommendations to see for himself the excellent care it provides?

The Prime Minister: I quite understand why the hon. Lady raises this question. A national examination of children's cardiac services was started under the last Government, and it will continue under this Government, because we have got to make sure that standards are as high as they can be in this incredibly difficult and technical area. We all have our interests to defend—obviously, I have the John Radcliffe hospital, which does a great job as well, next to my constituency—so she is right to stand up for her constituents in that way. The examination needs to take place. However, one of the keys is going to be protecting, as we believe is necessary, spending in the NHS over this Parliament, with modest, real-terms increases each year. That is our policy; it is no longer the policy of the Labour party. So when difficult decisions have to be made, it would be worse if we were adopting the Labour policy of cutting the NHS.

Q9. [4728] **Mr Robin Walker** (Worcester) (Con): Will the Prime Minister join me in welcoming the fact that through protecting investments in health care, the coalition Government have been able to approve the £40 million hospices capital grant, £600,000 of which will go towards the expansion of St Richard's hospice in Worcester, which will benefit at least hundreds of patients a year, with community care, and hundreds of families and care workers across Worcestershire in the years to come?

The Prime Minister: My hon. Friend is right to raise the hospice movement, which has been one of the great successes of the big society that we have in this country. I think we all cherish what the hospice movement does.

May I take this opportunity, on behalf of the whole House, to pay tribute to my hon. Friend's father, who served in Parliament for 49 years? He gave great service to this country, and he gave great service in Wales. He had many achievements in his long career. If politics is about public service in the national interest, and things that can change people's lives, his pioneering reform of selling council homes to their tenants is something that I think has greatly improved our country.

Gordon Banks (Ochil and South Perthshire) (Lab): I wonder whether the Prime Minister could tell us who he considers to be right on short prison sentences—the Secretary of State for Justice or the leader of his party in the Scottish Parliament.

The Prime Minister: The point here is straightforward. We all know we have to keep short sentences for some purposes; I have said that, and the Lord Chancellor has said that. Of course we need to have that in some circumstances, but do we benefit from lots and lots of very short sentences? I think it would be better if we could improve community sentences so that they were tough. One of the problems of the appalling inheritance that we have from the past 10 years is that no one has any faith in the community sentences that ought to be a good alternative to prison.

Q10. [4729] **Tony Baldry** (Banbury) (Con): May I urge my right hon. Friend to ignore Simon Heffer when, in *The Daily Telegraph* today, he advocates the complete abolition of the Department for International Development on the basis that charity begins at home? Will he take this opportunity to tell those sections of the Poujadiste press that keep on having a crack at the Government's commitment to international development that our national interest, security stability and sense of humanity very often begin overseas?

The Prime Minister: My hon. Friend is entirely right, and he has a record as a Minister for Africa and a Development Minister in a previous Government. The fact is that we have made a commitment, both nationally and internationally, to increase our aid spending, and I think Britain should be a country that sticks to its word. I have to say, even to those who take a more hard-headed approach to these things, that overseas aid is in our domestic interest. When we think of the problems that world poverty causes, we see that it is in our interest and that of our national security to deliver that aid. Above all, Britain sticking to its word, as I found at the G8 and G20, gives us the opportunity to have some moral authority and moral leadership on this vital issue.

Mr Michael Meacher (Oldham West and Royton) (Lab): How can the Prime Minister justify the fact that hundreds of thousands of public sector workers, the victims of the financial crash, will unquestionably lose their jobs because of the huge public service cuts to come, when the bankers and super-rich, the architects of the financial crash, whose wealth grew by £77 billion in this last year according to *The Sunday Times* rich list, stand to lose neither their jobs, their income nor their wealth? Is that what he means by everyone being in it together?

The Prime Minister: The right hon. Gentleman fought the last election on £50 billion of unspecified cuts. That is why the figures published today show that public sector job losses would be higher under Labour in the next two years. He can say all he likes about bankers; the fact is, his party would not introduce a bank levy until the rest of the world had decided to do it. We have done it in seven weeks.

Q11. [4730] **Annette Brooke** (Mid Dorset and North Poole) (LD): My constituent Milly, aged five, wrote to me recently asking why there are special days for mothers and fathers and not for children—*[Interruption.]*

Mr Speaker: Order. The hon. Lady will be heard, and that is the end of it.

Annette Brooke: Will the Prime Minister commit to working with voluntary organisations to raise the profile of our children's day on 20 November, to celebrate the United Nations convention on the rights of the child and indeed to celebrate the achievements of all our children, whether they be rich or poor?

The Prime Minister: The hon. Lady has a long record of supporting children's day and the United Nations convention, which was signed in 1990. I think we should raise the profile of the day, and I know she will be pleased to note that the coalition is making good progress on that. Only this morning the Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather), held a seminar about special needs children and how we must ensure that their needs are properly protected under this coalition Government.

Q12. [4731] **Michael Connarty** (Linlithgow and East Falkirk) (Lab): The Prime Minister might have noticed that the people of Scotland did not choose his party, except in one seat out of 59, and they did not choose the Conservatives' poodles, the Liberal Democrats, either. Can he assure the House, as an absolute chill runs through Scotland at the 1.3 million hidden job losses that he did not publish, that any proposals for cuts in public services and expenditure in Scotland, and any Barnett formula cuts, will be brought before the Select Committee on Scottish Affairs—*[Interruption.]*

Mr Speaker: Order. We are grateful to the hon. Gentleman, but the question is too long.

The Prime Minister: I am well aware that the Conservative party did not sweep Scotland, and I thank the hon. Gentleman for reminding me of it.

What I said I would do if we formed a Government was to go straight to Scotland and Wales to meet the First Ministers and have—*[Interruption.]* The hon. Gentleman has asked a question; he might as well listen to the answer before he starts shouting at me. I said that I would have proper meetings and have a respect agenda in which we respected the devolved Assemblies. I have to say that under the last Government there was a whole year during the financial crisis when the Prime Minister of our country did not even meet the First Minister of Scotland. That will not happen under this Government—we believe in respect.

Q14. [4733] **Matthew Hancock** (West Suffolk) (Con): May I tell the Prime Minister how pleased my constituents were when he found £50 million to help further education colleges that were promised funding but left high and dry by the previous Administration? Will he ensure that the application for an FE college in Haverhill in my constituency is given the attention it deserves, so that Haverhill can get the FE college that it is promised?

The Prime Minister: My hon. Friend makes a very good public spending application, and I am sure that the Treasury will have been listening carefully. He also makes a very good point: even in a difficult Budget, when reductions had to be made, we have boosted spending on FE colleges and increased the number of apprenticeships, after the shambles left by the last lot.

Q13. [4732] **Graham Jones** (Hyndburn) (Lab): The *Local Government Chronicle* has listed my constituency as the one that has received the biggest cuts in Britain—nearly £3 million at district level. As the Prime Minister will be aware, it is an area of poor health, low incomes and some of the worst housing in Britain. In fact, at the weekend the Liberal Democrat leader of Burnley borough council, the neighbouring council, said:

"The cuts announced by the Government are hitting deprived areas like Burnley much harder than the more affluent areas."

Does the Prime Minister agree with his colleague in the Liberal Democrats?

The Prime Minister: Of course there will be difficult decisions in the Budget and on public spending reductions. Everybody should know that and should be honest about it rather than pretending that they would not have happened if we had had a different Government. What we will do is help areas of need through the tax changes we are making and also through the regional development grant of £1 billion, for which areas such as Hyndburn are able to bid to ensure that they get an increased private sector, to try to get the motor of our economy going again. That is absolutely vital.

Speaker's Statement

12.31 pm

Mr Speaker: On Monday the shadow Home Secretary, in exchanges across the Floor of the House, and the hon. Member for Rhondda (Chris Bryant), in a subsequent point of order, complained that details of a Home Office statement on non-EU migration had been passed to the media before the statement itself was delivered to the House. I undertook to look into the matter and to report back to the House. Having made inquiries, I am now able to update the House.

I have established that at a Home Office press briefing on Monday morning, copies of a statement were made available to journalists—*[Interruption.]* Order. The content of that statement was very similar to that delivered orally in the House by the Home Secretary on Monday afternoon. As Members know, I am concerned that Ministers should make key statements to the House before they are made elsewhere. In this case the opposite happened, and this was a discourtesy to the House. The Home Secretary is present, and will wish to take this opportunity to say something.

The Secretary of State for the Home Department (Mrs Theresa May): Thank you, Mr Speaker. I deeply regret the fact that on Monday, in my attempt to assist the House by changing from making a written ministerial statement to making an oral statement, the copy of the statement that would have been made in writing to the House was handed out to the press before I made my oral statement. I take full responsibility for that, and I have no hesitation in apologising to the House and in assuring the House that I will ensure that it will not happen again.

Mr Speaker: I am grateful to the Home Secretary for what she has said, and I will take—*[Interruption.]* Order. I will take no points of order on that matter.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): On a point of order, Mr Speaker. On Tuesday 22 June the Deputy Prime Minister told the House that he was due to meet with the chief executive of Sheffield Forgemasters the following Friday. I understand that no such meeting took place. Can you inform me how the Deputy Prime Minister can set the record straight?

Mr Speaker: It is not a responsibility of the Chair—*[Interruption.]* Order. The House really must calm down; otherwise it gives a very bad impression to the public who take an interest in our proceedings. A commitment may or may not have been made. The matter is important and the hon. Lady has registered her concern forcefully on behalf of her constituents. The matter is on the record—and I suspect that she will pass copies of the record to those in her constituency interested in it—but it is not a matter for the Chair.

Mr Geoffrey Robinson (Coventry North West) (Lab): Further to that point of order, Mr Speaker. You have recognised that it is an important issue. It is all the more important because the Deputy Prime Minister and many Ministers from his party in the coalition have been so disrespectful and have made suggestions about the personal motivation of the chief executive, whom he was due to meet, that have to be repudiated. I am grateful, therefore, that you took this matter seriously, sir.

Mr Speaker: I take all matters seriously, but I genuinely do not think that this is a point of order for the Chair. I have the very highest respect for the hon. Gentleman, who has long service in the House, but it is difficult for me to see how he can have a point of order further to a point of order that I have just ruled is not a point of order. However, he has raised his point, even if it is not a point of order, and he has registered his views firmly upon the record.

Michael Connarty (Linlithgow and East Falkirk) (Lab): On a point of order, Mr Speaker. You have often said that you are here to protect the House and to allow it to do its business in holding the Government to account. Will you take up with the Government the fact that although we have had a European summit and a number of European Council meetings, and although five stalwart Labour Members have already volunteered for the European Scrutiny Committee, we have no such Committee to scrutinise the Government's behaviour in Europe? This is the latest that that Committee has ever been set up.

Mr Speaker: I am afraid that that is not a task for the Chair—*[Interruption.]* The hon. Gentleman will not be too disappointed if he waits. He was looking uncertain, but I am trying to allay his uncertainty. He should be grateful to me.

Michael Connarty: I did not say anything.

Mr Speaker: Order. I do not want sedentary gestures from the hon. Gentleman. I am trying to help him. The matter is not one for the Chair. The information is now firmly in the public domain. Of course we are all in favour of the speedy composition of Committees with important scrutiny work to do, and the Committee to which he refers, which he has himself chaired with distinction, is an important case in point.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): On a point of order, Mr Speaker. I know that you are very keen that Members of the House should always be factually accurate. On Tuesday 22 June, in answer to questions, the Deputy Prime Minister cited my constituency and said that it had an electorate of 52,000. In fact, on 6 May the electorate was 72,920. I would hope that you, Mr Speaker, would remind Government members of the importance of being factually accurate, when they have all the resources of Government to enable them to quote accurate figures, not figures plucked from the tops of their heads.

Mr Speaker: My response to the hon. Lady's point of order—I respect her for raising it—is that, as the Speaker, I am keen on accuracy, but it is not my responsibility, from the Chair, to enforce it. However, she has registered her views—which, I sense, was an important part of her purpose.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker. Honestly, this is not about the previous matter, although it is slightly allied. I am glad that you are being short with Ministers these days—and there have been other instances, I am afraid, in which Ministers have continued to brief the papers very substantially. I think that we heard another example of it from the Prime Minister today. He referred to plans for Royal Mail that have not been explained to the House, but which have been substantially trailed around the newspapers. Will you investigate that issue as well?

Mr Speaker: The hon. Gentleman suggests that I have been short with Ministers. I am not sure about that, but I would say to him, and the House, that I have always been short—and I am entirely untroubled by the fact, which is probably just as well. On his point of order, I would say it was a good try, but he needs to explore the matter in other ways. Knowing his indefatigability, I feel sure that that is what he is about to do.

Derek Twigg (Halton) (Lab): On a point of order, Mr Speaker. You related a specific instance concerning the Home Secretary, and we have now had two apologies from Ministers in the past 24 hours. Will you discuss with the Leader of the House how we can train and encourage Ministers to have due respect for the House and its Members?

Mr Speaker: I think that the hon. Gentleman is seeking to continue the debate. What I have said on this matter is very explicit. Today's exchanges speak for themselves, but again, as a committed constitutionalist, he has put his concerns on the record, as he was perfectly entitled to do.

Alec Shelbrooke (Elmet and Rothwell) (Con): On a point of order, Mr Speaker. Could you advise the House on how we can stop the danger of Prime Minister's Question Time slipping into Opposition statement time?

Mr Speaker: The hon. Gentleman will accept that that is a matter for the Chair, and I hope that he will be comfortable that I will discharge my obligations to the House appropriately.

Barry Gardiner (Brent North) (Lab): On a point of order, Mr Speaker. At 11.24 this morning I went to the Vote Office to ask for a copy of the second report by the independent Committee on Climate Change, on energy. I thought that appropriate, as this afternoon's debate is about energy efficiency. Unfortunately, the Vote Office informed me that the report had not yet been made available to it, and that this followed a pattern from last year. Can we ensure that in future the reports from the independent Committee on Climate Change are made available to the Vote Office promptly?

Mr Speaker: It is important for the House and its opportunity to debate matters of public policy properly that relevant documents be made available in the Vote Office in time for debates. The hon. Gentleman has registered his point with his characteristic force. It is on the record, and those on the Treasury Bench—including appropriate Ministers—will have heard it.

Joan Walley (Stoke-on-Trent North) (Lab): Further to that point of order, Mr Speaker. I wonder whether you could perhaps encourage the promotion of the report of the Committee on Climate Change by Parliament—because it is a report to Parliament—rather than its being launched elsewhere.

Mr Speaker: I fear that that is somewhat outwith the scope of the Chair. I am grateful to the hon. Lady for her confidence in my capacities, and her desire to extend my agenda, but I am not sure that I can agree to her request on this occasion.

Members have been waiting patiently and we are grateful to them, but if there are no further points of order, we come now to the presentation of Bills.

BILLS PRESENTED

Lawful Industrial Action (Minor Errors) Bill

Presentation and First Reading (Standing Order No. 57)

John McDonnell, supported by Kate Hoey, Tony Lloyd, Mr David Anderson, Michael Connarty, Austin Mitchell, Mr Frank Doran, Kelvin Hopkins, Jim Sheridan, Mr David Crausby, Ian Lavery and John Cryer, presented a Bill to amend section 232B of the Trade Union and Labour Relations (Consolidation) Act 1992 to extend the circumstances in which, by virtue of that section, industrial action is not to be treated as excluded from the protection of section 219 of that Act.

Bill read the First time; to be read a Second time on Friday 22 October, and to be printed (Bill 4) with explanatory notes (Bill 4-EN).

Sustainable Livestock Bill

Presentation and First Reading (Standing Order No. 57)

Robert Flello, supported by Andrew George, Mr Philip Hollobone, Caroline Lucas, Alun Michael, Zac Goldsmith, Martin Horwood, Hazel Blears, Henry Smith, Mr Michael Meacher and Peter Bottomley, presented a Bill to require the Secretary of State to improve the sustainability of the production, processing, marketing, manufacturing, distribution and consumption of products derived to any substantial extent from livestock; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 12 November, and to be printed (Bill 5) with explanatory notes (Bill 5-EN).

Public Services (Social Enterprise And Social Value) Bill

Presentation and First Reading (Standing Order No. 57)

Chris White presented a Bill to require the Secretary of State and local authorities to publish strategies in connection with promoting social enterprise; to enable communities to participate in the formulation and implementation of those strategies; to require that public sector contracts include provisions relating to social outcomes and social value; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 19 November, and to be printed (Bill 6).

Daylight Saving Bill

Presentation and First Reading (Standing Order No. 57)

Rebecca Harris, supported by Joan Walley, Mr Tim Yeo, Mr Frank Field, Mr Greg Knight, Caroline Lucas, Stephen Phillips, Mr Adam Holloway, Stephen Pound and Zac Goldsmith, presented a Bill to require the Secretary of State to conduct a cross-departmental analysis of the potential costs and benefits of advancing time by one hour for all, or part of, the year; to require the Secretary of State to take certain action in the light of that analysis; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 3 December, and to be printed (Bill 7).

ESTATES OF DECEASED PERSONS (FORFEITURE RULE AND LAW OF SUCCESSION) BILL

Presentation and First Reading (Standing Order No. 57)

Mr Greg Knight, supported by Sir Alan Beith, Kevin Brennan, John Hemming, Mr William Cash, Mr Gary Streeter, Mr Ian Liddell-Grainger, Chris Bryant, Mr Christopher Chope, Mr Alan Meale, Richard Ottaway and Philip Davies, presented a Bill to amend the law relating to the distribution of the estates of deceased persons; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 21 January, and to be printed (Bill 8) with explanatory notes (Bill 8-EN).

ANONYMITY (ARRESTED PERSONS) BILL

Presentation and First Reading (Standing Order No. 57)

Anna Soubry presented a Bill to prohibit the publication of certain information regarding persons who have been arrested until they have been charged with an offence; to set out the circumstances where such information can be published without committing an offence; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 4 February, and to be printed (Bill 9).

LEGISLATION (TERRITORIAL EXTENT) BILL

Presentation and First Reading (Standing Order No. 57)

Harriett Baldwin, supported by Mr David Davis, Tracey Crouch, Bob Stewart, Andrea Leadsom, Esther McVey, Damian Hinds, David Tredinnick, Mr Peter Bone, Chris Heaton-Harris, Richard Graham and Mr Charles Walker, presented a Bill to require the Secretary of State, when preparing draft legislation for publication, to do so in such a way that the effect of that legislation on England, Wales, Scotland and Northern Ireland is separately and clearly identified; to require the Secretary of State to issue a statement to the effect that in his or her view the provisions of the draft legislation are in accordance with certain principles relating to territorial extent; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 11 February, and to be printed (Bill 10).

GANGMASTERS LICENSING (EXTENSION TO CONSTRUCTION INDUSTRY) BILL

Presentation and First Reading (Standing Order No. 57)

Mr David Hamilton, supported by Sandra Osborne, Mr Jim Hood, Mr David Anderson, Jim Sheridan, Alun Michael, John Robertson, Jim McGovern, Ian Lavery, Mr Stephen Hepburn and Jack Dromey, presented a Bill to apply the provisions of the Gangmasters (Licensing) Act 2004 to the construction industry; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 3 December, and to be printed (Bill 11).

PUBLIC BODIES (SUSTAINABLE FOOD) BILL

Presentation and First Reading (Standing Order No. 57)

Joan Walley, supported by Mr Adrian Sanders, Alison McGovern, Martin Caton, Caroline Lucas, Mark Lazarowicz, Peter Bottomley, Mr Mike Hancock and Annette Brooke, presented a Bill to make provision for the creation of a Code regarding the procurement of sustainable food by public bodies; for the review and development of the Code; for the regulatory enforcement of the Code by public bodies; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 12 November, and to be printed (Bill 12).

SALE OF TICKETS (SPORTING AND CULTURAL EVENTS) BILL

Presentation and First Reading (Standing Order No. 57)

Mrs Sharon Hodgson, supported by Mr Tom Watson, Chris Bryant, Paul Farrelly, Mr Russell Brown, David Wright, Mark Tami, Lyn Brown, Roberta Blackman-Woods, Mary Creagh, Rachel Reeves and Catherine McKinnell, presented a Bill to regulate the selling of tickets for certain sporting and cultural events; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 21 January, and to be printed (Bill 13) with explanatory notes (Bill 13-EN).

FIRE SAFETY (PROTECTION OF TENANTS) BILL

Presentation and First Reading (Standing Order No. 57)

Mr Adrian Sanders, supported by Sir Menzies Campbell, Martin Caton, Annette Brooke, Peter Bottomley, Stephen Williams, Jonathan Edwards, Dr John Pugh, Mr Tom Watson, Mr John Leech, Paul Flynn and Lorely Burt, presented a Bill to require landlords to provide smoke alarms in rented accommodation; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 19 November, and to be printed (Bill 14).

PLANNING (OPENCAST MINING SEPARATION ZONES) BILL

Presentation and First Reading (Standing Order No. 57)

Andrew Bridgen, supported by Heather Wheeler, Nigel Mills, Paul Murphy, Nigel Adams and Mark Pritchard, presented a Bill to require planning authorities to impose a minimum distance between opencast mining developments and residential properties; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 11 February, and to be printed (Bill 15).

COINAGE (MEASUREMENT) BILL

Presentation and First Reading (Standing Order No. 57)

Mark Lancaster, supported by Mr Adam Holloway, Mr Stewart Jackson, Mr Lee Scott, Mr Brian Binley, Mr Tobias Ellwood, Alec Shelbrooke, Julian Sturdy, Iain Stewart, Chris Heaton-Harris, Mr Ben Wallace and Mr Rob Wilson, presented a Bill to make provision about the arrangements for measuring the standard weight of coins.

Bill read the First time; to be read a Second time on Friday 4 February, and to be printed (Bill 16) with explanatory notes (Bill 16-EN).

SPORTS GROUNDS SAFETY AUTHORITY BILL

Presentation and First Reading (Standing Order No. 57)

Jonathan Lord presented a Bill to confer further powers on the Football Licensing Authority and to amend its name; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 22 October, and to be printed (Bill 17) with explanatory notes (Bill 17-EN).

Wreck Removal Convention Bill

Presentation and First Reading (Standing Order No. 57)

Dr Thérèse Coffey, supported by Mr Matthew Offord, presented a Bill to implement the Nairobi International Convention on the Removal of Wrecks 2007.

Bill read the First time; to be read a Second time on Friday 19 November, and to be printed (Bill 18) with explanatory notes (Bill 18-EN).

Financial Services (Unfair Terms in Consumer Contracts) Bill

Presentation and First Reading (Standing Order No. 57)

Lorely Burt, supported by Simon Hughes, Mr Lee Scott, Richard Burden, Stephen Williams, Mr Ian Liddell-Grainger, Mr George Mudie, Mr Mike Hancock, Heather Wheeler, Meg Munn, Mr Andrew Love and Jack Dromey, presented a Bill to ensure that ancillary pricing terms in personal financial services contracts can be assessed for fairness; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 12 November, and to be printed (Bill 19).

Face Coverings (Regulation) Bill

Presentation and First Reading (Standing Order No. 57)

Mr Philip Hollobone presented a Bill to regulate the wearing of certain face coverings; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 3 December, and to be printed (Bill 20).

Protection of Local Services (Planning) Bill

Presentation and First Reading (Standing Order No. 57)

Nigel Adams, supported by Jonathan Reynolds, Greg Mulholland, Stuart Andrew, Gordon Henderson, Andrew Percy, Mike Weatherley, Andrew Stephenson, Stephen McPartland, Priti Patel, Philip Davies and Henry Smith, presented a Bill to enable local planning authorities to require planning permission prior to the demolition or change of use of premises or land used or formerly used to provide a local service; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 21 January, and to be printed (Bill 21).

Domestic Violence, Crime and Victims (Amendment) Bill

Presentation and First Reading (Standing Order No. 57)

Sir Paul Beresford presented a Bill to amend section 5 of the Domestic Violence, Crime and Victims Act 2004 to include serious harm to a child or vulnerable adult; to make consequential amendments to the Act; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 21 January, and to be printed (Bill 22) with explanatory notes (Bill 22-EN).

Secured Lending Reform Bill

Presentation and First Reading (Standing Order No. 57)

George Eustice presented a Bill to make provision regarding the rights of secured debtors; to reform the rights of certain creditors to enforce their security; to make other provision regarding secured lending; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 22 October, and to be printed (Bill 23).

Energy Efficiency

12.46 pm

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I beg to move,

That this House has considered the matter of progress and prospects in energy efficiency.

Within the first days of taking office, the Prime Minister pledged to make this new coalition the greenest Government ever, and we are determined to deliver on that promise. Energy efficiency, the subject of today's debate, is at the very heart of our greening programme. Better energy efficiency offers a genuine win-win, because it not only enhances the competitiveness of our economy, but is good for the environment in cutting carbon emissions. It is good for energy security in reducing our reliance on imported fossil fuels, and it is good for hard-pressed families, saving them money currently wasted heating inefficient and cold homes. Energy efficiency is not just a means to an end; it is a great thing in itself. In these times of rising bills and tight family budgets, there is one overarching simple truth: the cheapest energy we all have to pay for is the energy we do not use.

President Obama has gone even further. He recently said:

"Insulation is sexy stuff...Here's what's sexy about it: saving money".

In our own way—a more modest way—we are determined to make it sexy too, because for too long, energy efficiency has been the poor relation of British energy policy. Too many politicians have talked the talk, but failed to deliver. Energy efficiency has too frequently been relegated to the fluffy optional extra end of the energy policy agenda. Energy efficiency, however, is the key benchmark of a globally competitive 21st century economy.

Yet on the key test of energy efficiency, the UK currently trails behind most of our European competitors and risks slipping even further behind. If Members pardon the pun, we lag behind Germany, Holland, Spain and Italy, to name but a few. The average British home uses more energy than a home in Sweden—a country partly within the Arctic circle. One in five of our homes still has the lowest energy-efficiency rating.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): On the point of energy efficiency in comparison with Sweden, I understand that there is considerable use of heat pumps—both ground source and air source heat pumps—in Sweden. The previous Government gave assistance for the installation of heat pumps; will this Government continue in that vein?

Gregory Barker: We are very keen on heat pumps, but those pumps are not an energy-efficiency device; they are a renewable-energy device. Today, we are obviously concerned primarily about energy efficiency, but I take the hon. Gentleman's point on board, and we are certainly keen to encourage the use of a diverse range of new renewable technologies.

Mr MacNeil: Using 1 kW of electricity, an air source heat pump can generate 2.5 kW of heat and a ground source heat pump can generate up to 4 kW of heat. I would argue that that is quite an efficient use of energy.

Gregory Barker: And the hon. Gentleman would be absolutely right to do so.

Looking beyond homes, about one in 10 of our businesses and public buildings has a G rating and fewer than one in 100 has an A rating. Something must change, and it has got to change big and change now. But here is the good news: the UK has the potential to lead the way on energy efficiency, and our transformational agenda is a huge commercial opportunity worth billions of pounds for British business, with the potential for new jobs, technology and innovation in every single part of the UK. The challenge for our new Government is to spur consumers and businesses to take action, because, to date, successive Government programmes have simply failed to engage on the scale that we need. Some progress has been made in recent years, and I do not belittle the good intentions of the previous Administration, but despite some interesting initiatives, nothing we have seen so far has been commensurate with the enormous size of the challenge we face.

Mary Creagh (Wakefield) (Lab): I have received a letter from Mr Cameron Holroyd of Kingspan Solar in my constituency, which manufactures solar panels. He is very concerned that the new Government have not yet stated publicly whether they intend to proceed with the renewables heat obligation. Can the Minister tell us when he will respond to the recent consultation, and thereby give firms in my constituency, and consumers who may be planning to invest, some sort of comfort that that support will go ahead?

Gregory Barker: Renewable heat is a renewable form of generation; it is not equivalent to energy efficiency. However, we are committed to an ambitious renewable heat agenda. We have a challenging renewable energy target and renewable heat will be a key part of that. We will be looking at how to move forward and at having the right incentives in place. Because we are aware of the concerns of businesses, such as the one the hon. Lady mentions in her constituency, we will be making an announcement on this as soon as possible.

Neil Parish (Tiverton and Honiton) (Con) *rose—*

Barry Gardiner (Brent North) (Lab): I welcome the Minister to his position. He has taken a long and careful interest in the matters for which he has responsibility, and I welcome his enthusiasm. So far in this debate, however, he has been quick to parry any questions that are not specifically about energy efficiency and has responded in a very constrained manner. If we are to have the debate that all of us would wish this afternoon, we need to be able to discuss the energy context in which it takes place and the broader financial measures that will be available to the industry in the future, in order to consider the wider aspects of the green deal the Minister has talked about.

Gregory Barker: Obviously, I take on board the hon. Gentleman's comments, and he is an expert in this field, but the key point I made at the beginning of my speech is that energy efficiency has always been the poor relation and that all too often people leap to discuss other, perhaps more sexy, matters such as heat pumps, the renewables heat incentive or renewable energy. While I want a full debate—and, of course, I will answer the hon. Gentleman's questions as best I can—I also want to focus the discussion on energy efficiency, because it is the most important and the best value-for-money consideration in terms of saving carbon.

Neil Parish *rose—*

Chris Williamson (Derby North) (Lab): Can the Minister confirm that the coalition parties will agree to implement the previous Government's commitment to ensure that all new homes are carbon-neutral by 2015?

Gregory Barker: That is an important target. We are committed to carbon neutrality, and I know that my colleagues in the Department for Communities and Local Government are looking to see if there is any room for making the target more effective. Perhaps I may write to the hon. Gentleman with the very latest on that?

Neil Parish *rose—*

David Wright (Telford) (Lab): The Minister and I served together on the Environmental Audit Committee a few years ago. Will he comment on the future of the boiler scrappage scheme, a tremendous energy-efficiency measure that has been very successfully delivered, and will he look at the possibility of extending the scheme to cover gas fires? A company in my constituency produces very energy-efficient gas fires. If we were to support it, we would see real progress not only in boiler scrappage, but in the scrappage of other lower performing products such as wasteful gas fires.

Neil Parish *rose—*

Gregory Barker: The hon. Gentleman is right: the boiler scrappage scheme was highly effective. Although it was not a large scheme, it was both very good and very timely, and I will be closely examining whether we ought to take it further. I know that the hon. Gentleman has expertise on this, and if he would like to talk to me about it, I would be very grateful for the opportunity to pick his brains.

Mr Speaker: Order. May I interrupt the Minister to try to help a new Member? I very gently say to the hon. Member for Tiverton and Honiton (Neil Parish) that whatever gifts and traits the Minister possesses, he does not have eyes in the back of his head, so if the hon. Gentleman wishes to intervene, it is not enough simply to stand; he must make himself audible.

Gregory Barker *rose—*

Neil Parish: Will my hon. Friend give way?

Gregory Barker: With pleasure.

Neil Parish: Thank you for your advice, Mr Speaker.

My hon. Friend has talked about energy saving on the continent, and one thing that they do very well there is install central boilers for different sorts of energy generation when constructing new housing developments. That must be done at the planning stage, of course, so that the amount of hot water going to each house can be metered and households can then pay for their own supply, but central boilers can produce savings of up to 50%. Will my hon. Friend the Minister consider that option?

Gregory Barker: Absolutely. My hon. Friend makes an excellent point. I am very interested in such matters, and think there is far greater scope for us to be much more ambitious in terms of community combined heat and power. Such a decentralised energy agenda offers huge scope in Britain. However, for a variety of reasons, both local as well as central Government ones, we have not pushed it. In countries such as the Netherlands and Denmark, however, community combined heat and power make up a substantial part of energy output. As my hon. Friend says, it is much more efficient and I assure him we are looking into it.

As I have said, despite some interesting initiatives in recent years, nothing is commensurate with the enormous size of the challenge we face. The reality is that we still have a multi-billion pound investment gap. It is hardly surprising, however, that progress has been patchy. Since 1997, we have had a veritable alphabet soup of acronyms, schemes and quangos, leaving both the consumer and business somewhat bewildered: EEC, CERT, CESP, LCIF, EST, LCCC, CT, ETF, CRC and CCA. The list goes on and on, and each scheme is accompanied by new pamphlets, advertising and messages, further complicating the landscape for confused consumers and businesses. Individually, all those schemes have merit, but taken together they have failed to deliver on the scale that we need. The fact is that we need to pick up the pace dramatically if we are to reach the remaining 14 million households in the UK within a meaningful time scale.

It is clear that in these difficult times, with a record deficit, the current model is simply not up to the scale of the task. We need a game changer. We must remove the blinkers that have constrained previous policy thinking. We need to bring in new models of installation, innovation to drive down costs, new financing methods and new players to the market to deliver on a far more ambitious scale.

Mr Brian Binley (Northampton South) (Con): On innovation, the Minister will respect the fact that coal remains a vital part of our energy requirement for the future. When the Prime Minister was Leader of the Opposition, he promised to create four carbon capture and storage-equipped power plants. Will the Minister give us a quick update on progress, and perhaps a timetable for that, because it plays a major part in the objectives he wishes to reach?

Gregory Barker: My hon. Friend is an expert in this field. He is chair of the all-party group on clean coal, so I speak with respect for his expertise. He is right to say that the coalition Government are committed to carbon capture and storage, which will be a major plank in our efforts to decarbonise our energy supply by 2030; we are committed to the generation of 5 GW of CCS by 2020. We see the potential of CCS, not just for our domestic use and as part of our plan to decarbonise the economy, but as a huge potential export industry for the UK in which we can not only capture new markets for British jobs, but help the world in striving to decarbonise the global economy.

Mr Tobias Ellwood (Bournemouth East) (Con): My hon. Friend talks about game changers, so may I recommend another important one, which will cost him not a penny? We could move our clocks forward by one hour to take advantage of the last bit of energy that we have in this world—the sun. It seems completely wrong that our working day is out of alignment with that free energy source. I am happy to provide him with a copy of a study showing the benefits, which would include Scotland too.

Gregory Barker: That is a very interesting point. I believe that my hon. Friend the Member for Castle Point (Rebecca Harris) will be introducing a private Member's Bill to that effect, in order to test the opinion of the House on this matter. I do not believe that that subject was covered in the coalition agreement, so I am sorry but I cannot give any commitment on it.

Several hon. Members *rose—*

Gregory Barker: I shall make a little progress before I take further interventions.

The Government want to end short-term, stop-start schemes. We need a bold long-term approach that will deliver certainty and stability, and will unlock private capital and trigger green investment right across the economy. We must give businesses the confidence to invest, not just in the infrastructure of our buildings, but in developing new skills and training programmes in order to help create the thousands of new jobs that could follow. These would be jobs that could provide decent salaries to support families and build careers of which people could be proud. We must empower British business, not burden it. We must use smart legislation to incentivise the wealth creators and the innovators. Local firms and enterprising local communities must be encouraged to be part of the new solution.

Mary Creagh: I am grateful to the Minister for giving way to me for a second time. On his point about innovation and local firms, may I say that Logicor Ltd, a firm in my constituency, has developed a plug that automatically turns off after a set period of time? When people iron for three quarters of an hour or an hour—or, in my case, five minutes—the plug will then automatically turn off, so there is no danger of someone forgetting about the iron, leaving it on and potentially setting their house on fire. Such appliances have huge potential to make energy and financial savings for homes, be it through turning off the light on someone's microwave or the light on their dishwasher—those devices also use energy. Small companies face the problem of obtaining certification through the carbon emissions reduction target—CERT—scheme and huge issues relating to cash flow, because if they are going to manufacture in China, they have to save, pay the bills up front and then get the money back. How does the Minister propose to provide real help on this? Will he work with the Department for Business, Innovation and Skills to ensure that small companies such as Logicor Ltd can be given the financial support to deliver these energy-efficient products to the nation?

Mr Speaker: Order. May I gently suggest to the House that we also require efficiency in interventions, which are gradually becoming a little longer?

Gregory Barker: That is an excellent subject for an Adjournment debate, but perhaps we have just had it. I entirely accept the hon. Lady's point, but ultimately the

private sector is the best engine of ingenuity and growth, and it is not the role of Government to pick winners such as that company and give them special treatment. However, I agree that there is a role for Government in creating an enabling, encouraging and supportive framework for enterprise. I can assure her that increased cross-cutting work has been taking place across Government, involving colleagues from the Department for Business, Innovation and Skills, the Treasury and the Department for Education, to ensure that the right frameworks and the appropriate support are in place.

I shall now draw the House back to my speech. What needs to change? As a first step, I am announcing today my intention not only to extend CERT, but to refocus it radically. It obliges energy companies to carry out energy-efficiency measures in people's homes and it has historically involved a range of other things too. CERT will be extended until the end of 2012, but the original scheme has not been without criticism, much of it justified. So CERT will be refocused on those most cost-effective measures that can make a real difference to the energy efficiency of our constituents' homes, the most obvious being insulation.

Over the new extension period we will require the big energy companies to deliver far more insulation than originally planned, and the new target on lagging lofts alone will be the equivalent to covering Wembley football pitch more than 35,000 times. The new extension of CERT will work in tandem with the roll-out of our pioneering green deal. In order to bring greater focus to the project, I will insist that more than two thirds of this new carbon target must be delivered through approved, professionally installed loft, cavity wall and solid wall insulation. We will act to stamp out the mistakes of the past. We will introduce a complete ban on the subsidy of compact fluorescent lighting, thereby ending the farce of people having cupboards full of light bulbs which save no energy at all. We will go further. We are actively talking to industry about similar restrictions on other low-value gadgets and appliances. There will be no short cuts or get-outs for the big six under this Government.

Martin Horwood (Cheltenham) (LD): I welcome the Minister to his responsibilities. On low-energy light bulbs, he is right to criticise aspects of the CERT scheme, but one promising new development was the inclusion of the replacement of halogen lights, which are extremely energy-inefficient, with new, more efficient forms of technology. I declare an interest, because two companies in my constituency promote alternatives to halogen lighting.

Gregory Barker: The hon. Gentleman is right to say that some very exciting developments are taking place in lighting, not the least of which will be light-emitting diode—LED—technology in the longer term. However, we must be brutal and realistic in the use of CERT; we must opt for the most effective, most value-for-money carbon abatement schemes. That means opting for loft insulation, because any exercise that one chooses to undertake shows that key insulation delivered to our constituents' homes offers the best value for money and the best use in terms of carbon abatement. We have to be far more focused on that. I checked how many light bulbs had been distributed as a result of the previous CERT scheme and I found that the answer was a phenomenal number. This begs the old question of how many light bulbs it takes to change a Labour Government—the answer turned out to be 262 million.

Joan Ruddock (Lewisham, Deptford) (Lab): A vast number of light bulbs were sent out, but does the Minister deny that that was an appropriate action to take at a time when the low-energy light bulbs on the supermarket shelves were far more expensive than ordinary light bulbs and consumers were very resistant to change? We encountered all forms of resistance but, despite that, by sending those low-energy light bulbs out we got them into people's homes, which saved people money and saved energy and carbon emissions.

Gregory Barker: The right hon. Lady is right and, of course, this is not a black and white issue. However, the bottom line is that if one has a finite pot of money to spend, light bulbs do not represent the most efficient way to save energy or carbon. As she knows, the most efficient way of doing that is to insulate, particularly given that we need to do so much more for the fuel-poor and there is so much more that we need to do overall. We must be focused, given the finite pot of money available. I do, however, take her point.

Mr Alan Reid (Argyll and Bute) (LD): I welcome the Minister to the Government. I was delighted by his announcement the CERT scheme will be extended and will concentrate on insulation, but I am sure that he is aware that the National Insulation Association has expressed concern that it is so heavily dependent on the CERT scheme that unless the scheme is extended very soon, its members could well run out of work over the summer. The NIA has asked for the regulations to be passed before the start of the summer recess, so I hope that the Minister will be able to lay these regulations before Parliament before then.

Gregory Barker: Obviously my announcement is effective today. We hope to lay the regulations before Parliament before we rise for the summer, because I am fully aware that there has been uncertainty in the market, and that is what we aim to eliminate.

Mr MacNeil: Usually, house construction is a great battle between insulation, as the Minister has mentioned, and ventilation. The part of the world that I come from suffers from having to have the same ventilation standards as an urban area in Kent; the rural west coast of the Outer Hebrides certainly does not need the same amount of ventilation as might perhaps be needed in Kent. However, we are stuck with that and the result—I am sure that the situation is the same in other places in the country—is that once the completion certificate is achieved and received, the house builder goes round with a tube of mastic or silicon and blocks off the vents that have been placed unnecessarily. Perhaps ventilation could be seen as part of the argument for energy efficiency, too.

Gregory Barker: That is a very good point. I think that my colleagues in the Department for Communities and Local Government would have direct ministerial responsibility for that point, but it is worth while, and if the hon. Gentleman would care to write to me about it I would be happy to take it up.

[Gregory Barker]

We will go further. We are also talking to industry about similar restrictions on other low-value gadgets and appliances. All these new measures are specifically designed to do more for the fuel-poor, because we fully recognise that fuel poverty is a growing challenge, with the number of households in fuel poverty having risen every year since 2004, to 4.6 million households in England alone in 2009. Given that legacy of rising fuel poverty, we are creating a new CERT category of those who have the greatest need, in addition to the priority group of vulnerable households, which will already account for at least 40% of the total CERT extension measures. Pensioners, people with children and the disabled will form a super-priority group on whom at least 15% of the new programme must be targeted. That means that more than £400 million will be focused over the next 18 months on the poorest and most vulnerable.

Barry Gardiner: Would the Minister be good enough to clarify whether, when he says families with children, he means all families with children or whether he is talking about families that are in receipt of working families tax credit and so on? Is it targeted specifically at the poor or will it include all families with children?

Gregory Barker: It is targeted at all people with children—that is, at all households where there are young children and where income is low. I would be happy to write to the hon. Gentleman with further details. We will need to bring these measures to the House, and perhaps we could debate that point then.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Will the Minister kindly let us know whether it will extend to pensioners as well?

Gregory Barker: Yes indeed. I think I mentioned pensioners in my speech and I can give the hon. Lady that assurance.

Dr Alan Whitehead (Southampton, Test) (Lab): Does the hon. Gentleman intend to provide any additional facilities for ensuring that the extra categories that he has mentioned that will be a part of CERT can be identified by those energy companies that are required to identify them to and take action, or is the 15% target that he has suggested an approximation based on what the energy companies actually do?

Gregory Barker: The hon. Gentleman will know that data sharing is a very difficult issue, to which there is no easy ready answer. I do not underestimate it—any attempt to focus in such a way is in some way problematic, given the sometimes limited tools that we have and the restrictions on sharing data. We are considering that project in the Department, because we realise that data sharing poses real challenges. All I can tell the hon. Gentleman is that we will use our best endeavours and, if he has interesting and innovative ideas on how we can make it effective, we will try to frame them in the regulations that we will table before the House rises. I fully take his point on board: data sharing to ensure that we target the most vulnerable is a challenge.

Mrs Anne Main (St Albans) (Con): Will the Minister outline whether people in receipt of the higher disability living allowance, who often have impaired mobility, will be included in the super-priority group that he has just mentioned, as they often have a greater need of heating?

Gregory Barker: I am very happy to confirm that for my hon. Friend, who takes a keen interest in these matters. I can also confirm, in response to the question that I was asked earlier about children, that we will focus on those in receipt of child tax credits whose income is less than £16,190.

Mark Durkan (Foyle) (SDLP): Given the importance that the Minister rightly attaches to fuel poverty and the categories that he has said should be prioritised, does he believe that 15% will be adequate? If, in the context of spending pressures, the budget for the overall programme is cut, will he enhance their prioritisation by going above 15% of his residual budget?

Gregory Barker: Of course, CERT is an obligation on the fuel companies and is not part of the Treasury tax and spending regime as such. It will not be included in the comprehensive spending review. I share the hon. Gentleman's concerns, given that we want to focus on the fuel-poor and that 15% seems a relatively limited amount of money. That is why, as I am going to say—he is pre-empting my speech—when we come to consider the long-term basis for the right form of supplier obligation when CERT ends at the end of 2012, we will need to ensure that it is effectively focused on the most vulnerable households and on the fuel-poor. That will be the key consideration when we are looking to frame a new and appropriate supplier obligation.

As I have said, the green deal is a real game changer. It takes policy out of Whitehall and on to the high street. The green deal is a dramatic change from the status quo. The green deal, we believe, will fundamentally alter the scale of delivery. In terms of scale, to put it in context, the green deal is even more ambitious than Mrs Thatcher's sale of council houses in the 1980s. Whereas that transformed the lives of about 2 million families, the green deal has the potential to touch more than 14 million homes around the country. Now, there can be no one-size-fits-all model. Our green deal legislation must promote the emergence of a new and dynamic market, working for the incredibly diverse mix of homes in the UK. There must be greater consumer choice, but with a recognition of the need for fairness and, in particular, of the urgent and pressing challenges of fuel poverty.

The green deal will, we believe, unlock billions in new private capital to support energy efficiency, but that will not work effectively without the engagement and support of local communities. Local communities have a key role in driving this ambitious change. We have seen that in Kirklees, where community engagement has been vital for a universal take-up.

Caroline Lucas (Brighton, Pavilion) (Green): The Kirklees example is an excellent one, and Green councillors have been instrumental in that. They were rolling out free insulation—that was the difference; it was free. Where does the hon. Gentleman think that the money will come from for the Government to be able to roll out such a scheme? Does he agree that we ought to be considering mechanisms such as levying a windfall tax

on the energy companies, given that they will be getting windfall profits from their involvement in the emissions trading scheme—at least until 2013? Should we not be using money like that to enable such a scheme to be rolled out to everybody rather than depending on people in poor households having to take out what looks like a loan?

Gregory Barker: First, I welcome the hon. Lady to the debate. I am sure that she will be a key—and welcome—feature of such debates for the rest of the Parliament. Of course, CERT is already a levy on the energy companies and we have a clear idea of where the money is coming from. She mentions that in Kirklees the scheme is free, and that is an important point. We simply cannot afford to give free insulation to the whole country, even though it worked extremely well in Kirklees. However, through legislation and opening up new markets with new regulation, we can ensure that there is no cost up front to every single householder. Unlike other pay-as-you-save schemes that were trialled by the former Government, there will be no reference to the credit score of the household. It will not be a personal loan, a green mortgage or a charge on the property.

What will happen is that the right interventions for that particular property will be delivered and the costs of those interventions will be rolled up in their entirety and repaid through the energy bill for that property over 25 years. If that owner moves away, the cost will simply transfer to the energy bill of the next occupant. If the occupant changes energy company, the cost will simply transfer to the new energy company. We will make sure, through legislation, that it is impossible for a new energy provider to come in and provide energy without taking on the costs associated with the green deal finance. There is a real golden rule.

Mark Tami (Alyn and Deeside) (Lab): Will the Minister give way?

Gregory Barker: If the hon. Gentleman will allow me, I shall continue. I am risking scrambling my speech by jumping ahead, but this is a really important point.

Mark Tami: Will the Minister give way on that point?

Gregory Barker: I will give way.

We cannot guarantee that this will be the case in all instances, because behaviour change is also relevant, but the guiding principle is that the savings in every household that receives such interventions on the pay-as-you-save model must always be greater than the financing costs. The householder, be they in rented or private accommodation, should see not only an increase in the insulation in their home, a reduction in their carbon emissions and an increase in warmth and quality of life for them and their family, but—and this is an important point—a reduction in their total energy bill. That needs to be put clearly and fairly on the bill. We must scotch the idea that the green deal is a loan, a mortgage or a charge, because it is not, and it is really important, in order to get consumer confidence, that we communicate that message.

Mark Tami *rose—*

Gregory Barker: I shall give way to the hon. Gentleman before he bursts.

Mark Tami: I thank the Minister for giving way. I hear what he says, but is not the danger, as the hon. Member for Brighton, Pavilion (Caroline Lucas) has said, that this will be seen as a loan? Will the most vulnerable people, in particular, who find themselves indebted from a whole range of loans, not see it at as one more loan and choose not to take it?

Gregory Barker: No; I hope that by the time we have finished explaining it properly and getting over this new paradigm, it will not be seen as a loan because it is not a loan. I hope that the hon. Gentleman—and, indeed, all Members—will join me in explaining that to our constituents. This is a really fundamental point, because he is absolutely right that if people perceive it as a loan, which it is not, there will be a reluctance to take it up, particularly in the current environment. There is another element. We accept that for the poorest in society, who cannot make the savings because they do not have the cash to heat their homes in the first place, there will be a need for direct subsidy or intervention. It is on those people and the hard-to-treat homes that we want to focus the ongoing obligation on the energy suppliers.

Barry Gardiner: The final point that the Minister made is particularly important, but let me go back to the main point about the up-front funding costs of installing the energy-efficiency measures. Will he confirm that although those costs will be met through the energy companies, the Government will none the less have to guarantee those costs? Will he confirm that the cost of that guarantee to the public finances could be in the region of £162 billion if every family in the country took up the Prime Minister's offer of the £6,500 limit?

Gregory Barker: I am happy to reassure the hon. Gentleman that no such guarantee is involved or required. I have had extensive meetings not only with the chief executives of energy companies, but with very senior members of the banking community, active participants in the capital markets and retailers such as Marks and Spencer, B&Q, which has been extremely supportive, and others, including installers. Across the industry—in financing, instalment and retail—there is universal acceptance of this model and there will be innovation in the capital markets. Some companies will choose to take the charge on to their balance sheets, but others will choose to participate in partnership with a financing company. I think there will be a real appetite among UK institutions—this is the game-changing element—to purchase what will in effect be a form of bond with a 25-year life. I think they will be securitised together and parcelled up, and will then make attractive investments for UK pension funds, which currently suffer from a relatively limited choice of secure, long-term investments from which to fund their annuities. I can guarantee for the hon. Gentleman that, just as the green deal is not a personal loan, mortgage or charge, nor will it sit on the Government balance sheet or require a Government guarantee.

Dr Whitehead: To make sure that the customer makes a net profit out of green deal investment, the Minister will presumably have to categorise what will be admissible for green deal insulations. If he categorises any form of microgeneration as admissible, as increasingly it is under Warm Front, he will have to make those calculations in

[Dr Whitehead]

the green deal programme in respect of any incentives that might be given for the use of that heat, in particular for insulation such as solar-thermal. Has he therefore excluded microgeneration from the green deal programme? If so, does that mean that the net amount per household that he would imagine being used with the green deal is much lower than the £6,500 suggested prior to the election?

Gregory Barker: It has never been the intention for the green deal to encompass, in its purest form, microgeneration, for which there is the separate support mechanism of feed-in tariffs. We will look closely at those tariffs to ensure that they are appropriate. We want to drive a far greater sense of ambition around microgeneration than was anticipated in the Energy Act 2010, which was passed in the previous Parliament. We are keen and ambitious for microgeneration, but I do not want it to be confused with the green deal, which is about energy efficiency, so it will not be included in that. However, we hope that providers that insulate homes under the financing of the green deal will, as I have outlined, take that opportunity to offer packages for appropriate microgeneration that also might not require any up-front payment because they are supported by a feed-in tariff.

It is important to stress the priority of energy efficiency over microgeneration, because there is no real point in adding microgeneration systems to energy-inefficient homes, but there is a great deal of sense in adding them at the same time as increasing energy efficiency. Of course, that would also require a smart meter. I hope that this package of measures will be available under the green deal umbrella, but the green deal financing we have been discussing and the £6,500 are for energy-efficiency measures. There is nothing magic about the £6,500 figure, but we had to come up with a figure and there has to be a cut-off point. We reached the figure with the help of BRE, but we might consider increasing it when proposed legislation comes before the House if that proves sensible. However, £6,500 is what we are committed to now. We hope that the game-changing nature of the new deal, the involvement of new players and the creation of new markets and financing tools will create a host of opportunities as well as driving real behaviour change.

Mr MacNeil: I am listening quite closely to what the Minister says about insulation, carbon footprints and new financing. Is he saying that when it comes to the householder paying, they will not be facing any higher than average bills in any particular year than they would have faced had they not entered the green deal? It is quite important that people fully understand. Is the Minister saying that bills should go down and that householders should not experience any greater costs than they had prior to entering the green deal?

Gregory Barker: That is what I am saying, with the caveat that there are two big variables, the first of which is behaviour change. If someone decides, in their newly insulated home, to turn up the dial and hoover in the nude, that will affect the energy bill. Likewise, if there is a spike in oil prices or a surge in gas or electricity prices, that will affect bills. On an equalised basis, assuming there is no major behaviour change, the assumption in the model we are working on will be that the financing costs will always be less than the overall costs of installation.

Our ambition goes way beyond just household energy efficiency. Households, businesses, industry and the public sector all need to pull together to achieve the change that we need. For businesses, energy efficiency can make sense provided that they are not constrained by unnecessary bureaucracy. The green deal will apply to businesses too, and especially to small and medium-sized enterprises. It has the potential to help many companies improve not only their green credentials but their bank balances and their overall competitiveness.

I want our reforms to take energy efficiency away from the corporate social responsibility managers and plant it firmly on the desk of Britain's finance controllers. Pioneers in this area are already demonstrating that energy efficiency makes real sense for business. To pick just one example, Marks and Spencer made a saving of £50 million last year alone through energy-efficiency measures. It is just one of thousands of progressive British businesses that realise that energy efficiency has a direct impact on profitability.

Marks and Spencer launched Plan A in January 2007, in which it set out 100 commitments to achieve in five years and the aim of improving fuel efficiency by more than 20%. Critical to Plan A has been genuine and consistent leadership from the very top of the organisation. Providing leadership from Government Departments is a responsibility that we cannot shirk, and that is why the new Prime Minister has committed the coalition to cutting emissions from central Government Departments by 10% in just 12 months. I am pleased to inform the House that work is well under way, but the 10% cut in Whitehall is just the starting point. We are engaged in a major, long-term drive to reduce emissions and save energy costs right across the wider public sector, which alone accounts for 3% of total UK carbon emissions.

The public can watch our progress: all Government Departments are now committed to publishing their energy use online and in real time. Seventeen Departments will publish energy consumption data for their headquarters buildings by the end of July, following the first meeting of the new cross-departmental energy committee. However, I am pleased to say that the Department of Energy and Climate Change, the Home Office and the Ministry of Justice have already made their energy-use information available online and in real time. We have also asked the private sector to join Ministers in this cross-cutting group, so that we can hold Departments to account and ensure that we learn the very best practice from business. This Government are determined to get our house in shape in short order, and we are already delivering clearer leadership, greater transparency and real change.

Caroline Lucas: I am grateful to the Minister for his support of the 10:10 campaign, which aims for 10% cuts in 2010. However, he will know that the campaign will not finish at the end of 2010 and that, if we are serious about tackling climate change, we need 10% cuts year on year thereafter. Can he make any statement now about what will happen at the end of 2010?

Gregory Barker: The hon. Lady is absolutely right. The important thing about our 10% cut is that it is a commitment made by the Prime Minister and it is being driven from the very top in government. She is absolutely

right that 10% in one year is simply not enough, but it will be a terrific shock to the system in Whitehall and a great start. In the committee of which I am a member, and which is chaired by my right hon. Friend the Secretary of State, I have been very clear that it is only a starting point.

Achieving such reductions will get progressively more difficult, because behaviour change and the simple interventions that can be made at first cannot be repeated once they have been done. The task will require investment, but we are confident that most of that investment will pay for itself. The new models of investment—involving the energy services companies and the private sector, as well as enlightened and progressive facilities management contracts—mean that the cost of the infrastructure changes that will be needed will not necessarily fall on the public purse.

We are pushing very hard to draw in expertise from the private sector, and I am glad to say that that is largely being provided on a pro bono basis. We want to ensure that the Government, instead of being a national embarrassment, become a showcase for the best in British energy conservation. It is not at all impossible that, if we attach renewable energy sources to our estate, the public sector could one day become a net exporter of energy. Those are lofty ambitions and strategies but we will not superimpose arbitrary targets on them. There have been too many targets cluttering the landscape in the past. We know what we have to do, and the best thing that we can do is to get on and do it.

The potential benefits of energy efficiency are absolutely clear. This coalition Government are committed to making the UK a leader in energy efficiency, and to doing so with a completely new level of ambition and at a scale never before attempted. We are radically improving and refocusing existing policy measures, and we plan to bring forward completely new measures to deliver a real step change in ambition and delivery across both households and the business sector.

However, I would say this to the Opposition: there is much that unites us on this whole agenda, and we are building on the work begun by the right hon. Member for Lewisham, Deptford (Joan Ruddock) and her Front-Bench colleague, the hon. Member for Islington South and Finsbury (Emily Thornberry). The Liberal Democrats and the Conservatives supported the Climate Change Act 2008 in a constructive spirit, and I hope that we can forge a new consensus across the new House of Commons on energy efficiency and tackling fuel poverty. We should send a strong and united message to business and consumers alike that the time for action is now, and that we are united in laying out a new and clear framework for the long term.

I am glad to report that the new coalition has hit the ground running. We have a strong and ambitious green agenda, with energy efficiency at its very heart. The green deal will be at the centre of this Session's flagship Energy Bill, along with other measures to drive low-carbon transformation and build energy security. It is clear from the Chancellor's Budget, which committed to introducing a floor price for carbon, and yesterday's publication of the work of the green investment bank commission, that we are making real progress already. There is a great deal more to do, and time for action is short, but I know that, by focusing on energy efficiency at the very outset, we are starting in the right place.

1.37 pm

Joan Ruddock (Lewisham, Deptford) (Lab): I begin by welcoming the Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker), to his new position. I am sure that he will find it as stimulating and rewarding as I did.

This debate is entitled "Progress and Prospects in Energy Efficiency", and I am delighted to have the opportunity to record the very considerable progress made by the Labour Government over the past 13 years. Today, the Minister of State announced his plans for the carbon emissions reductions target scheme, but I have to remind the House that I announced in 2009 that there would be an extension of the scheme to 2012. I also announced that the new scheme would have an insulation minimum, and that there would be a super-priority group that would receive benefits from the scheme. I also announced that there would be an end to fluorescent bulbs—so I congratulate the Minister on following through on all the things that I said would happen a year ago.

I am glad that the Minister intends to lay the statutory instrument as soon as possible. It was, of course, the advent of a general election that made it impossible for the previous Government to proceed with that. Overall, however, he is of course fortunate to have such a good framework on which to lay his future plans, and I am grateful to him for the acknowledgment that he just gave. Labour's Climate Change Act 2008 led the world in establishing the first national legal limits on greenhouse gas emissions, and I share the Minister's pleasure at the fact that it finally achieved an all-party consensus.

Energy efficiency is central to addressing both climate change and energy security. That is why, in September 2008, we announced the home energy saving programme, a package worth £1 billion. We did so, of course, for exactly the reasons that the hon. Gentleman has outlined. There is no disputing the failure to build well-insulated homes in this country, but at no time was the situation worse than under the previous Conservative Government, when Mrs Thatcher's ban on council house building drove people who could not afford to buy into decrepit private sector housing with the lowest possible insulation standards. I regret to say that history is about to repeat itself, with housing benefit changes certain to drive already poor standards down further. Will the Minister regulate private landlords, as we planned to do, to ensure that privately rented accommodation is properly insulated?

In 1999, we inherited a £19 billion backlog of repairs to public housing. No such legacy exists today. Our decent homes standard has resulted in 95% of England's social housing stock reaching decent homes standard, with considerable improvements in energy efficiency. As a result, social housing today is more energy-efficient than housing in general.

Furthermore, Budget 2009 announced £100 million of funding for local authorities to deliver new energy-efficient homes, and "Building Britain's Future" announced up to £250 million for direct development by councils of around 3,000 new energy-efficient homes. Will the Minister tell us whether those programmes will go ahead? Or will the draconian cuts in local authority budgets, announced by the Secretary of State for Communities and Local Government, put an end to all the progress made on

[Joan Ruddock]

energy efficiency in the social housing sector? What will happen to local area agreements, under which 97% of local authorities had opted for at least one of our three climate change indicators? What is happening to the £25 million fund to help local authorities support community heating infrastructure? When will the Minister make an announcement on that topic?

We have been told that the Minister for Housing

"is moving quickly to toughen building standards."

Can the Minister of State tell us how far the plans to tighten those standards will go, and how fast that will happen? What discussions has he had with the construction industry? I remind him that the Labour Government consistently raised building standards. We introduced the code for sustainable homes; a target of a 25% reduction in carbon emissions this year, relative to the 2006 part L building regulations; the target for a 44% reduction in 2013, leading to a zero-carbon standard for new homes in 2016; and a target for zero-carbon non-domestic building by 2019. Does he really think that the Housing Minister can better that?

The Minister of State's main argument was that reducing energy use is a much greater problem in existing homes than in new homes. That is absolutely obvious. That is why Labour, in government, placed an obligation on energy companies to deliver energy efficiency measures through CERT, including 100% subsidies for the poorest pensioners and low-income families.

When answering an intervention, the Minister said that we could not afford free insulation. He—or his colleague the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry)—may like to clarify that in the winding-up speech, because of course we have been providing free insulation to millions of people through the CERT programme.

Gregory Barker: It is not that we cannot afford free insulation; I have made it very clear that for vulnerable groups and hard-to-treat homes, there will continue to be a need for free insulation. What we cannot afford is to insulate the homes of the entire population for free. I do not think that it was ever anticipated that CERT would be able to do that job. There is a multibillion-pound black hole in the plans that we were left with by the Labour Government. We need to bring in private capital to fill that gap.

Joan Ruddock: The hon. Gentleman is absolutely wrong. Of course the schemes were never intended to provide insulation for every home in the country; we were talking of millions and millions of homes. The fact is that we prioritised getting insulation for the most vulnerable and the poorest, but we also had additional programmes, none of which he has said that he will match today.

Gregory Barker: The fact is that in the consultation that the right hon. Lady oversaw, it was assumed that 10% of the poorest would be in a super-priority group. We have extended that to 15%, so we have increased by 50% the amount of effectively free insulation that will go to the homes of the most vulnerable. We have not minimised the commitment; we have built and expanded it, so that under our proposals, more money will go to the most vulnerable.

Joan Ruddock: The hon. Gentleman is talking about one small element of one of the programmes. We had a consultation on the subject, and it was perfectly reasonable to move to 15%. The 10% was the starting point. I remind him that the figure in the CERT scheme is 40% anyway; it was uplift on that. There are many other programmes, and I will come on to what is planned in them when I ask the other questions that I think the Government need to be asked, because it would in no way solve the problems if we were left only with CERT.

It is utterly untrue to say that there was a huge black hole. As I shall illustrate, we had plans and programmes set in place to move to a stage beyond 2012. The Minister has not said anything today that will move the programmes of additional work beyond what is already in the pipeline. We insulated 5 million homes between 2002 and 2008. We aimed for another 6 million to be tackled in the 2008 to 2011 programme, which was on target when we left government. We aim to have every cavity and loft, where practicable, insulated by 2015. The Minister has not said today that he will achieve that, but unless he says otherwise, we have to assume that he will continue those programmes.

We developed and extended the obligation, launching a £350-million community energy-saving programme that works on a street-by-street basis in the areas of the poorest decile of people in the country. That is a well-targeted programme that works in a different way, but the Minister has not said anything about it today, so perhaps, in response to my points, he will clarify the issue of the future of CESP.

Gregory Barker: The problem with the programmes that the right hon. Lady has specified, which are all good in themselves, is that they are not up to the scale of the challenge. CESP is a good programme, but it deals with tens of thousands of households. We have to reach, within the time scale that she mentioned, 14 million. At that rate of progress, we would still be lagging by 2030. We are not abandoning her programmes but bringing in an entirely new level of ambition. We are consolidating and building on those programmes, and bringing in more resources and ingenuity, as well as demand from the private sector, so it is a plus-plus agenda from this new coalition.

Joan Ruddock: Again, I have to tell the Minister that I think he is rather mistaken. The fact is that, whatever his green deal does—I shall discuss that in more detail in a moment—it depends entirely on who opts in. He may get nobody to do so. He is talking about a grandiose scheme covering millions of people, but it depends entirely on individual households deciding to opt into the scheme. The benefit of CESP, on which we expected to build further, was that it involved the whole community, local government, energy companies and partnerships in a way that allowed for an holistic approach. That is clearly what his scheme will fail to do.

Let me make a little more progress. We also introduced the CRC energy efficiency scheme—again, there has been no mention of that today—which is an extremely important energy efficiency measure. It is a new mandatory emissions trading scheme to improve energy efficiency in the large public and private sector organisations that were not otherwise covered by the climate change levy, or indeed the emissions trading scheme, which is, of

course, European-based. Consequently supermarkets, banks, universities, hospitals and other organisations were all brought into an energy efficiency framework. The scheme is intended to target emissions from the energy use of those organisations, which represent no less than 10% of all UK emissions. What is the future of the CRC energy efficiency scheme? Again, the Minister has been silent on the issue. Will he guarantee that this important scheme will continue?

Let us not forget the boiler scrappage scheme, which my hon. Friend the Member for Telford (David Wright) mentioned. It was a great success. About 125,000 heating systems have been or are due to be upgraded under the scheme. It helped sustain work for installers and UK-based boiler manufacturers throughout the economic recovery, and it saved carbon. Replacing 125,000 G-rated boilers should save about 140,000 tonnes of CO_2 every year—the equivalent of taking about 45,000 cars off the road.

I have reminded the House of the big changes that Labour was making in energy efficiency and in putting the country on track to meet our climate change targets of a 34% reduction in greenhouse gases by 2020 and at least 80% by 2050.

Caroline Lucas: According to the Committee on Climate Change, the emission reductions achieved in the past year have been almost entirely a result of the recession, not a result of Government action. To hear the right hon. Lady talking as though the previous Government did wonderful things to achieve climate change targets beggars belief.

Joan Ruddock: I am so sorry. I was going to—I do—welcome the hon. Lady to the House, but her intervention is not welcome. We more than doubled—hon. Members know better than to laugh at this—our Kyoto commitment. At the last count, when I was in my place, we had seen a 21% reduction in CO_2 emissions over 1990 levels, and we were very much on target to achieve what we had set out. We introduced groundbreaking legislation that constrained us, with carbon budgets year on year—three budgets already in place and programmes that could enable us to meet those budgets.

Martin Horwood: In the same vein as the hon. Member for Brighton, Pavilion (Caroline Lucas), I must point out that the achievement of the Kyoto targets was due to other factors—in that case, the dash for gas, which transformed the pattern of greenhouse gas emissions in this country. That and the recession achieved far more than the previous Government.

Joan Ruddock: Again, I am sorry to say that the hon. Gentleman knows better than that. Nobody disputes the fact that the dash for gas was a factor, and more recently the recession has, indeed, been a factor, but the independent Committee on Climate Change has acknowledged the difference that Government programmes over that period made. Lord Turner, the chair of the Committee on Climate Change, said very recently that the last Government

"set out a whole series of policies, and as long as we drive those through we will make a difference."

[Interruption.] The hon. Member for Cheltenham (Martin Horwood) mutters from a sedentary position, "That's about the future." Climate change and what we need to address is indeed the future. I pointed out our considerable achievements in the past. No other Government had made the leap forward that we made, and as I said at the outset of the debate, we left a very strong framework from which any Government could proceed to reduce carbon in the UK.

Barry Gardiner: Will my right hon. Friend remind the House that notwithstanding the dash for gas, the achievements during that period were against a background of a 25% growth in GDP? That must be taken into account. We would all accept that however good the achievements of the previous Government, we must do better in future to make sure that we meet the stringent targets set by the Government for 2020, and let us hope that we can exceed them.

Joan Ruddock: I am grateful to my hon. Friend for the points that he makes, particularly the telling one about the level of economic growth that occurred during a time when carbon was, for the first time, being constrained.

Dr Whitehead: In order to dispel some of the wild hyperbole on the matter, I hope it will be helpful to observe that the Committee on Climate Change said today that 1 megatonne of CO_2 emissions out of a total of 4 megatonnes of CO_2 emissions could be directly attributable to Government measures on energy efficiency and associated activities in the past year.

Joan Ruddock: I am grateful to my hon. Friend, who always manages to read more comprehensively than I do. I meant to look at the detail before I came to the Dispatch Box, but we were rather busy, so I am grateful that he was able to make that point and that the House has heard it.

I was referring to the fact that we had made changes and were putting the country on track to meet our climate change targets, but we were never complacent. That is why, one year ago, we launched our great British refurb programme, and in July last year published the UK low carbon transition plan. Our proposals signalled a step change in the level of ambition for the household sector over the next decade—precisely the game-changer of which the Minister spoke.

The House should not just take my word for it. Paul King, the chief executive of the UK Green Building Council, said:

"This is a bold and welcome move. The biggest barrier to low carbon refurbishment—the upfront cost—is set to fall. Pay As You Save is a radical scheme, which could trigger a revolution in household refurbishment—creating at least 100,000 new jobs, saving money and conserving energy."

That was the opinion of our transition plan.

Everything that the Minister outlined today could be found in Labour's transition plan. We said that we would introduce clean energy cashbacks—the feed-in tariffs—to enable households to profit from generating their own electricity. We did. We said that we would legislate for a mandated price support for poorer people and raise the level of Warm Front grants, and we did. We said that we would pilot "pay as you save" ways to help people green their homes, and we did.

The Minister has made the Tories' green deal proposals the centrepiece of his departmental policies, but for us it was part of a much more comprehensive strategy. None the less, we were very clear that we needed to engage the public directly in energy efficiency. That is why we

[Joan Ruddock]

began to test the concept of "pay as you save"—what the Government now call the green deal. We established five pilots. The partners in those pilots included 500 households, a housing association, an energy company—British Gas, Birmingham, Sutton and Stroud councils and the Severn Wye Energy Agency, the whole programme being overseen by the Energy Saving Trust.

Can the Minister report on the progress of the pilots? Will they run their course? Does he plan to take any account of them? Is it part of the learning that the Government plan to do, or do they intend to leap in, having cooked up some programme with somebody?

Gregory Barker: Of course the Government will look at all such evidence, where it is helpful, and learn what we can. I am puzzled—I hope it is not just "not invented here" syndrome—that the right hon. Lady does not understand what I tried to explain at length. Our green deal will require primary legislation because there is a fundamental difference between her scheme, which ultimately relied on credit scoring, personal debt, a green mortgage or a charge on the property. None of those things applies to the new green deal. It will not be personal debt. It will not be a charge, a loan or a mortgage. It will be secured on the property, not on the people who live in the property. It may sound technical, but that is a fundamental difference. It requires primary legislation and it is not the same as the small test pilots which, useful as they may be, the right hon. Lady was trailing.

Joan Ruddock: There is no dispute between us on that matter, and I have not suggested that there is. I asked the Minister if he would take any credit—any benefit, rather—*[Interruption.]* He takes credit for plenty of things that he has not started himself. Will he take any benefit from this in terms of finding out what motivates people and how interested they are? It will be completely central to his plans that people are motivated and can be persuaded. These things require people to have many people in their houses doing many things. It is not easy to motivate people to undergo a great deal of change and upheaval. Such pilots show how acceptable they are, how interested people are and how best to make things work.

Gregory Barker: The right hon. Lady is absolutely right: finance is only part of the issue, as we found in Kirklees. Two things are vital. Community involvement is very important, but the other exciting thing about the green deal is that it is not just reliant on the big six energy companies, which have mixed reputations, but brings in some of our most trusted high street retailers and brands, such as Marks and Spencer and Tesco, which have strong degrees of consumer trust, and I hope that new companies, not yet formed, will also come in. It is exciting that there will be new participants, on a far greater scale than was ever imagined under the previous Government.

Madam Deputy Speaker (Dawn Primarolo): Order. Please may we have brief interventions as many Members wish to speak? I appreciate that the Minister is responding promptly, which I am sure the House is grateful for, but brief interventions would help enormously.

Joan Ruddock: When I was speaking about the partners, I may have left out B&Q, which is also participating in the pilots. We certainly had a similar scope of possibilities. We knew and said clearly that primary legislation would be required. We said clearly that we would need to legislate to link the finance to the property, not to the individual, and that is what we were working through. We also believed that in order to motivate people it would be necessary to present a financial package which meant that when they paid their energy bills, they were paying back the upfront costs. So there were no upfront costs, and that is why we called it pay as you save. To that extent, the kernel of this is something that we prepared for and intended. I am delighted that the Minister is going ahead with it. There is no question about that. We will certainly support him as the plans come forward and examine them in great detail. We clearly believe that this is a way forward and we want it to work.

None the less, there are questions that the Minister must answer. In opposition, the Prime Minister spoke of an entitlement. How will an entitlement be created? How many households does the Minister expect to undertake what the Labour Government called an eco-makeover by 2020? Our best-informed target was 7 million. What is his target for 2020? I would be grateful if the Minister could make that clear when he winds up, bearing in mind that people have to opt in. This is not something that they are being given without their own participation. It is unclear whether it is £6,500 or up to £6,500. Ministers know that a single-glazed, solid-walled house would cost at least £10,000 and could be much more. Is there an upper limit to the scheme that can be accommodated in the payback plans, and how many years would it take to pay back if that kind of money is being provided?

That brings me to fuel poverty. The Minister talked a lot about helping vulnerable people, but there was little mention of any concrete action to tackle fuel poverty. Warm Front, the Labour Government's scheme for the fuel-poor, helped more than 2 million vulnerable households across England from June 2000, including 500,000 households in the last two years alone. It provides grants of up to £3,500, or up to £6,000 for those off the gas grid. Do the Government intend to scrap grant payments for central heating and insulation? I hope the Minister will be able to give us a precise answer to that question today. What evidence does he have that people in poorer households will be able to get help with insulation and improved heating under his green deal?

National Energy Action is sceptical. It has seen the details of the Government's scheme and it says:

> "The overwhelming majority of fuel-poor households currently underheat their homes and the beneficial effects of energy efficiency improvements would generally be in the form of a warmer dwelling rather than in financial savings. NEA is deeply concerned about how these people would be expected to service loan repayments, let alone gain access to loans at commercial interest rates given their often precarious financial circumstances."

The Minister will say, "But they are not loans." But somebody has to put the money up front, albeit that it is the energy companies, and somebody has to pay back, so we must know what will happen to the most vulnerable people. How many pensioners and poor families does he think will be able to take out the green deal?

We have discussed energy efficiency in the context of reducing the energy used by better insulation. But climate change dictates that we not only reduce our use, but decarbonise what we do use. That is a much more comprehensive strategy.

Christopher Pincher (Tamworth) (Con): The right hon. Lady speaks about fuel poverty, which is terrible for many people. But despite what the Labour Government did in terms of CERTs, CESPs and Warm Front, all of which are laudable, can she explain why fuel poverty increased?

Joan Ruddock: It was because there were unprecedented fuel prices. No Government could have instituted a programme that could have erased the effect of the dramatic global increase in oil prices.

Let me continue with my case that we need a more comprehensive strategy—a point that was made by a number of my hon. Friends, intervening on points of interest at the beginning of the Minister's speech. Heating accounts for three quarters of home energy use. No matter how much we improve our insulation or reduce consumption by our appliances, we will inevitably still use considerable amounts of energy. At present, we depend on fossil fuels—natural gas, liquid gas and oil. That cannot continue indefinitely, which is why we planned to introduce a renewable heat incentive from next year. That would guarantee payments for those who install technologies, such as ground source heat pumps, air source heat pumps and biomass boilers.

Under our proposed tariffs, the installation of a ground source heat pump in an average semi-detached house with adequate insulation would be rewarded with £1,000 a year, and lead to savings of £200 a year if used instead of heating oil. The heat incentive would help thousands of consumers who are off the gas network to lower their fuel bills and gain a cash reward for greening their heating supply.

In government, we were pleased to achieve a wide consensus for our Climate Change Act 2008 and Energy Act 2008. We were gratified by the enthusiasm with which our 10-year transition plan for low carbon was received, particularly by the CBI and the TUC.

Today, I can promise our broad support for coalition Government plans that reflect and continue on the path that we have set, and I can promise that we will scrutinise fairly the details of any legislation. But the big question remains: will they will the means? Can they resolve their differences, or will Tory ideological cuts totally undermine the critical progress that needs to be made—*[Interruption.]* The Minister laughs, but he said not a word about public sector housing, or private sector housing where landlords are completely and utterly unwilling to assist with energy conservation. There is so much that needs to be addressed by proper public policy, but ideological cuts cut across that.

Government is about leadership, setting priorities and, yes, making hard choices, but it is also about holding one's nerve and seeing things through. The coalition had a choice. It could have balanced deficit reduction with investment in the future, investment in manufacturing, such as Sheffield Forgemasters, and investment in decarbonising the electricity supply. However, it clearly lacks the vision to do so.

The Minister promised to make his Government the greenest ever. All I can say is that he has made a shaky start. We will judge him on his strategy to deliver a low-carbon future that tackles climate change, on his record of creating green jobs and on whether the transition to low carbon is made fairly.

2.11 pm

Martin Horwood (Cheltenham) (LD): I thank the Minister for his statement. He was absolutely right to highlight our collective failure to address energy efficiency adequately, but he seems so keen to do something about it that I could almost mistake him for a Lib Dem—*[Interruption.]* Not quite, perhaps. On the green deal, the ministerial team has imaginatively built on proposals. Obviously, I shall claim that the Lib Dems were the very first to produce such a scheme, but the Conservatives did, too, and towards the end the Labour Government were—*[Interruption.]* We will check whether the Green party was ahead of the Lib Dems.

Caroline Lucas: Will the hon. Gentleman give way?

Martin Horwood: Not on that one; I am sorry.

All the parties, and even the Labour Government in the end, were working on variations on that scheme, but the one that the ministerial team has come up with is truly imaginative, and its unique financing raises the ambition for energy efficiency in this country in a way that, if successful, will represent a step change in energy efficiency. As the right hon. Member for Lewisham, Deptford (Joan Ruddock) pointed out, it is not guaranteed to be successful, and we do not know exactly how many people will take it up. The point, however, is to wish it well and for all Members to promote it, support private companies, communicate the scheme's success and hope that it achieves the step change that we are looking for. I congratulate the ministerial team on coming up with that proposal.

Mrs Main: I thank my hon. Friend for giving way on that point, because under the previous Government communication problems were often among the reasons why some very good schemes did not take off. I therefore wish this scheme well. Does he agree that this Government's big effort to introduce a scheme instantly is a positive move, and that all parts of the House will welcome improved communication?

Martin Horwood: I am sure the hon. Lady is right to emphasise the importance of communication. I was going to go on to pay tribute to the outgoing Administration, and in particular to the right hon. Members for Doncaster North (Edward Miliband) and for Lewisham, Deptford, who towards the end of the Labour Government brought some urgency to the issue and improved things. However, it is true that at times they were tempted to take credit for things that were the result of larger factors, and that, given the number of consultations and pilots in which they indulged, they did not get round to implementing some of the schemes that they had contemplated. It now falls to the coalition to increase the pace of change, and the early signs are good.

The need is urgent. If we are to achieve throughout Europe a target of 30% cuts in greenhouse gas emissions by 2020, which I believe should be the target for the

[Martin Horwood]

whole European Union, we will have to make those radical step changes in policy. Indeed, we need to do so if we are to have any chance of reducing the concentration of atmospheric CO_2 to 450 ppm or lower, which I believe is absolutely necessary. If we do not do that, the chance of global warming increasing by more than two degrees above pre-industrial levels rises, threatening food production, conflict and, ultimately, the economies on which we depend to finance public sector and Government programmes.

In that respect, energy efficiency is no panacea. Not long ago, I visited a company near my constituency called Messier-Dowty, which provides world-class aircraft parts, particularly undercarriage. I remember having a conversation with its staff, in which they extolled the virtues of those parts and the aircraft industry's efforts to make aircraft more efficient and lighter, and use less energy as they flew. However, I pointed out that eventually the industry would have to adjust to a world in which people learned to fly less and used alternative means of travel and communications. The same analogy is true for the whole economy. Energy efficiency is the first and most cost-effective area to address, but it is no substitute for the wholesale decarbonisation of our economy, which we also need to work on.

I shall focus on three areas of energy efficiency: first, energy efficiency in buildings, especially the skills needed to deliver it; secondly, smart metering; and finally, energy markets and pricing. In the first area, it is right that we concentrate on buildings. Throughout Europe, apparently 90% of our time is spent indoors and 30% of our energy consumption is devoted to heating and lighting buildings, so the green deal is an important step in trying to address that scale of energy use. However, there are traps ahead, and I have spoken to training suppliers in the further education sector and those hoping to run apprenticeships in architecture and building trades in and around my constituency. They point out a severe lack of skills in those new building technologies, particularly the skills needed not just in isolated instances, such as the installation of renewable technologies or the provision of insulation, but in new building materials, in the different approach that we need to take in the building trades and in architecture, and in constructing and retrofitting buildings. Such skills must be fundamental to training in those sectors.

Thomas Docherty (Dunfermline and West Fife) (Lab): I am slightly confused. Given that the hon. Gentleman supports deep and savage cuts to the training budgets of our colleges, how does he expect them to produce those vast numbers of desperately needed skilled workers in order to bring about that step change that we all want?

Martin Horwood: I am grateful to the hon. Gentleman for his intervention. One answer is clearly the green deal, which will incentivise private companies to invest in such training themselves. Apprenticeships might be part of the solution, too. However, when I asked Gloucester college, a forward-looking and innovative FE college based partly in my constituency and partly in Gloucester, what was the single biggest step that could be taken, the answer was not to fund extra courses. It suggested allowing FE colleges that provide such training to accredit their own courses, rather than having to defer constantly to universities. I commend that recommendation to Ministers and their colleagues in other Departments. The college believed that that would enable it to respond much faster to market situations and to design courses much more flexibly, and that it was the single most important change that could be made. I hope that provides an answer to the hon. Gentleman.

On new buildings at least, the other possible pitfall is the rather prescriptive and increasingly complex code for sustainable homes. I welcomed the code when the previous Government introduced it, and generally, as an instrument of policy, it is a welcome development. However, it has been painfully slow at raising energy efficiency levels in new buildings, and it risks becoming so over-prescriptive that it defeats our objectives.

I know the Secretary of State well, and he is no friend of over-prescription; he prefers the creation of the right market environment, which would avoid the need for such complexity and enable the process to move faster. Instead of having standards of such complex design, perhaps we should reinforce one or two simple measures—for instance, a measure of kilowatt-hours per square metre for every building, old or new. To follow up the point made by my hon. Friend the Member for St Albans (Mrs Main), that would be easy to communicate to the public and easy for estate agents, politicians and everybody else to understand. It might become a powerful measure of energy efficiency, with no need to prescribe such complex details as we find in the current code.

This morning there was a round-table discussion hosted by *The House Magazine*, and one point repeatedly came up. Examples were mentioned of earlier civilisations—even the Romans—that were very good at preserving openness and light in buildings and making them energy-efficient through the communal use of heat; the renewable heat issue has already been mentioned. More traditional wooden buildings within the Arctic circle still seem to require less energy to heat than many buildings in this country. I know from my own experience of villages in India where buildings made basically out of mud were beautifully cool in summer and beautifully warm in winter. They were very energy-efficient, but used materials that would probably not be allowed under current building regulations. Incidentally, I am not suggesting that we should all start living in yurts or anything like that; that would be a bit too Liberal.

Gregory Barker: That did not quite make it into the coalition agreement.

Martin Horwood: Indeed.

We should be wary that over-complication and over-prescription could risk the defeat of our own objectives, and lead to our prescriptions to the industry for low-carbon homes being too inflexible and therefore too expensive. More flexibility might enable the private sector to deliver some of the objectives more simply and efficiently.

I shall now talk about smart metering. I was a shadow environment spokesman under the previous Government, and assorted people lobbied me heavily—as they did my opposite numbers, I suspect—about their particular designs of smart meter. I am aware that the field is very competitive. I make no judgment between the different systems, but I am increasingly aware that smart metering

covers a multitude of sins. There are tough decisions ahead for the ministerial team about exactly which designs we might favour.

At the most basic level, we are talking about something that just generates information that can be read out on a display, and might be reflected on a bill. That would be useful, but rather limited. More sophisticated systems influence the timing of devices such as washing machines and dishwashers so that they operate at different times and improve the efficiency of the whole household.

The most interactive technology feeds real-time information back to the energy companies themselves and could improve the efficiency of the whole network. I would draw a line at the kind of systematic smart metering that enabled people to switch suppliers minute by minute, which I know has been suggested by some hon. Members. The machine itself searches for the best deal and tariff at any particular minute. That would lead to indescribable confusion over billing and might destabilise businesses from week to week. However, we need to look at the various different technologies and be ambitious about what smart metering can deliver.

On energy markets and pricing, the Minister rightly said that we suffered from a plethora of different energy efficiency programmes under the last Government. Many were well intentioned and individually well designed, but there was a lot of stopping and starting and different, confusing and overlapping requirements. Last Christmas I visited the Cheltenham Royal Mail sorting office and found postal workers falling over heaps of low-energy light bulbs as one energy company in particular had mailed out huge numbers of the things at the last possible moment. I am not surprised that the Minister said that 262 million had been supplied.

In a way, I suppose that the bulbs were a good thing, but they spectacularly missed the point. While price still rewards energy consumption, it will always be difficult to mobilise the energy companies really to get behind energy efficiency. For the longer term, I commend to the Minister one other Lib Dem policy that did not quite make it into the coalition agreement. It was to take energy bills and set a historic baseline amount for each household, taking into account the number of children and so on, which would be reflected in the historic consumption. Thereafter, the cost to consumers would rise if energy consumption rose, but the energy company would not be allowed to profit from that rise.

Instead, the surplus would be taken, for example, into a fund administered by the company for energy efficiency or environmental programmes. At a stroke, that would break the link between profit and increased energy use; it would actually cost the energy company money if energy use rose. The company would have a direct financial business case for increasing energy efficiency. That would be hugely simpler than all the complicated schemes in which the companies were set targets and sought various ways—some of them rather untestable and unverifiable—of trying to meet Government objectives. If the Minister adopts that policy, I really will think that he is turning into a Liberal Democrat.

If the coalition is to deliver on these ambitious targets, and on its ambition to be the greenest Government yet, we will need, in the Minister's words, to change the game and be really ambitious, bold and radical. I fully expect that we will be.

2.26 pm

Meg Munn (Sheffield, Heeley) (Lab/Co-op): I welcome the Ministers, the hon. Members for Bexhill and Battle (Gregory Barker) and for Wealden (Charles Hendry), to their places. I am delighted that the hon. Member for Bexhill and Battle has been appointed; he has long been interested in these issues and I am sure that he will make a great contribution. As he said, much of the debate about the reduction of carbon emissions tends to focus on renewables, which, of course, make an important contribution. However, immediate gains are much more likely to come from energy efficiency, so our having this debate today is a positive sign.

If I were to tell the Ministers that there is a technology that could reduce domestic fuel usage by 30%, I expect that they would want to hear about it. If I said the same thing but added that the Government were holding the technology back, I hope that they would ask me what we needed to do to bring the technology along. However, I have already written to the hon. Member for Wealden about these points, and his response to date has been somewhat lukewarm. Today I shall try to persuade both Ministers to take the claims seriously and take the action required to help bring that technology to the market quickly.

I am talking about micro-combined heat and power, which involves small appliances that are efficient and beneficial for the consumer, and will help the UK reach its carbon reduction targets and encourage manufacturing; hon. Members on both sides will realise that we are keen on manufacturing in Sheffield. Importantly, such appliances generate electricity in the home, reducing household energy bills at a stroke. Electricity can also be generated for sale to the national grid, giving an income to householders and reducing reliance on large expensive generating plants.

I particularly want to highlight one appliance, which is suitable for both the domestic and commercial markets. It is produced by a small Sheffield-based company called Inspirit Energy. The appliance is the size of a washing machine and the highly effective boiler is a 3 kW electrical system capable of working at 92% efficiency. The appliance can supply all the hot water and heating requirements of a home, up to 70% of electricity needs at peak times, and it can generate up to 50% of a user's annual electricity consumption. The development of the appliance is well under way and I hope that it will be ready to go to market in the near future. I shall explain why the Government are holding the technology back.

As the two Ministers well know, a particular feature of micro-combined heat and power appliances is that they generate electricity at precisely the times when there is significant demand, helping the national grid to cope. The systems would particularly help the elderly and vulnerable, who may be worried about putting on their heating for fear of the cost. They can heat their homes knowing that the cost of doing so is partly or completely covered. If they sell some electricity to the national grid, they could make a small amount of money back. Importantly, such appliances could cut the carbon footprint of a home significantly, perhaps reducing CO_2 emissions by up to 70%. These products are intended merely to cover any interim period before the world runs entirely on renewables. However, with development, the units themselves could in time run on renewable fuels such as biomass or solar.

[Meg Munn]

The Minister talked about the important role of Government in this respect, not necessarily in directly supporting the private sector in the development of these appliances, but in providing the architecture, structure or framework that will allow them to develop. One way of encouraging their further development and future sales is through feed-in tariffs. Around the world, tariff schemes have had a positive effect in cutting the cost of renewable technologies, as well as in creating employment opportunities. Such schemes offer incentives to individuals and companies, by providing clear and effective financial incentives for companies developing appliances for householders and small businesses.

Earlier this year, DECC produced a paper on feed-in tariffs which stated that the tariff should comprise two components: one for total kilowatt-hours generated, and another for kilowatt-hours exported to the national grid. The technologies covered in the paper included micro-combined heat and power, but only up to an electrical capacity of less than, or equal to, 2 kW. I had already raised this matter in the House, and lobbied the previous Government on it, during the Christmas Adjournment debate in December 2009. I point out to Ministers that having an upper limit of 2 kW would exclude the unit produced by Inspirit Energy—and, no doubt, units that may be produced by other companies. The ability to generate feed-in tariffs has the potential to make the unit very attractive, but not having them could impact on the potential return to the company and thus the attractiveness of its further development and manufacture in the UK.

We have already, rightly, spent a great deal of time talking about how we enable people in poorer households to access a wide range of technologies and resources that will reduce their carbon emissions. If householders fear that they cannot get a payback on a boiler of this type, they will be unlikely to invest in it. By having such a low threshold of 2 kW, we are damaging the country's prospects in what will surely become an important industry of the future. We must change the rules to allow feed-in tariffs for 3 kW appliances. I agree that anything over 3 kW is more suited to industrial use, but excluding a 3 kW machine means that properties with more than three bedrooms are excluded from the micro-combined heat and power programme.

Products such as the appliance being developed by Inspirit Energy could not only help to meet the UK's target of reducing energy but drastically reduce the excessive use of fossil fuels. This technology can make a major contribution to saving carbon generation. By focusing on what can be done now to make our homes more energy efficient, we can go a long way towards changing our fuel usage, emissions and ever-increasing fuel bills.

When I wrote to the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden, in May, to request a meeting with him, I was advised that the demands on his diary are considerable at present—as I am sure is the case—and that such a meeting could not take place. However, let me say to both Ministers that if they, or anybody here, were to meet the people who are developing this technology, I am sure that they would become as enthusiastic as I am about the product.

Gregory Barker: The hon. Lady knows that I hold her in high regard, but that has increased even more, as I had not previously appreciated what expertise she has in this particular area. May I invite her to come to the Department to join the round table on microgeneration that we will be holding—in July, I believe? If she would care to bring representatives from the company in her constituency, they would be very welcome to participate with other stakeholders from the industry on how we can have a more ambitious microgeneration strategy.

Meg Munn: I thank the Minister for that very generous offer. I am delighted that in securing the opportunity to have such a meeting, I have achieved the aim that I set myself in making this speech. He is very generous in saying that I am an expert, but indeed I am not; that is the last thing I am. I am, however, persuaded by the experts that this technology that can make a real difference. I am delighted to accept his invitation.

2.35 pm

Richard Drax (South Dorset) (Con): Thank you very much, Madam Deputy Speaker, for calling me to make my maiden speech today. I follow distinguished speeches by many hon. Members on both sides of the House, and I do so with some trepidation, a feeling I am sure that they will recall from the time when they had to make their first speeches. It is an immense privilege to make a maiden speech in this great House, where so many extraordinary men and women have gone before. The sheer weight of tradition and history are overwhelming, and a reminder to us all of Parliament's ancient permanence, which is not to be tampered with lightly.

What a great honour it is to represent the people of South Dorset. The county is my home, and has been my family's home for generations, and I am proud to be elected to speak for it. I follow an almost unbroken line of Conservative South Dorset MPs, with occasional, notable exceptions. The most recent, of course, was my predecessor, Lord Knight of Weymouth—a title that will, no doubt, throw a few. I congratulate him on his ennoblement and on serving the people of South Dorset so diligently for nine years. Ironically, perhaps, fate threw us together before my political aspirations took hold. As a local BBC television reporter, I was, for some years, frequently sent to interview my former opponent. Little did we know then what lay ahead. Suffice it to say that his elevation to the peerage was splendid news to us all, and a relief to me.

My foray into politics ends a slight drought of Draxes here in the Commons. In an earlier deluge, six ancestors graced this place between 1679 and 1880—all representing the long-lost seat of Wareham. One, John Sawbridge Erle-Drax MP, spoke only once during the entire 32 years of his parliamentary career, and that was to ask the Speaker of the House to open the window. Unsurprisingly, he was known as the "Silent MP". After his death, he arranged for *The Times* to be delivered daily to his mausoleum through a specially built-in letterbox; mine is under construction. In view of his Trappist tendencies, for his descendent to be making his maiden speech a mere eight weeks into the parliamentary Session must seem like indecent haste.

South Dorset is a place of monumental beauty. The people are proud and fiercely independent. Years of history have forged this constituency, not least during

the second world war, which saw its beaches, bases and ranges nurture tens of thousands of young men as they prepared to fight for our freedom during those dark days more than 60 years ago.

Today, the resorts of Weymouth and Swanage are home to a wide range of activities, from light industry and retail, to tourism and fishing. Farmers, the guardians of our countryside, and sadly neglected for so many years, have cared for the lush interior for centuries. Nor should we forget the quarries of Portland, which still offer up the stone for which the island is so famous. The island of Portland is also renowned by sailors for its huge tides, which offer great hope for future energy provision.

Another island in my constituency is worthy of note, not least because of its red squirrels. I am, of course, talking about Brownsea island, set in the middle of Poole harbour, the second largest natural harbour in the world. The marshy southern reaches of those waters provide a spectacular haven for sailors, birds and wildlife, including the human variety, which occupies one of Europe's largest nudist beaches at nearby Studland. I have yet to arrange one of my surgeries there.

The entire constituency is dominated by our Jurassic coast, now a world heritage site. Dinosaurs once roamed the constituency—there is proof of it. Judging by comments made by opponents during the election campaign, people might think one was still out there. Maybe that is the case, but a strong Conservative heart beats underneath these scales, tempered for a moment with a dash of liberalism. I shall represent my constituents according to my conscience, without fear or favour.

On that note, and despite being at the bottom of the food chain at the moment, I sense a shift of mood in the House. The new intake, of which I am one, has brought with it a fresh perspective. While understanding the need for party cohesion, I believe that MPs should have their own minds and, above all, be mindful of those who put us here. That was very much my guide during my four years as a candidate, when I met a vast range of people who enriched my knowledge of the constituency. It was that experience that revealed to me that appearances can often be deceptive.

What do I mean? South Dorset may be lavishly endowed with natural gifts, but it has traditionally suffered from a lack of investment in its infrastructure. We have lost shops, pubs and bus services, and a shocking 50% of our post offices have closed over the past 10 years. Out of season, the hotels and guest houses fall silent. In Weymouth alone, we have six of the most deprived wards on the national index of deprivation. The fishing industry, quarrying, agriculture and the ports have all taken a knock during the recession, and although unemployment remains below the national average, wages are resolutely low.

We have two prisons in South Dorset, HMP The Verne and the young offenders institution. I have visited both on several occasions and work closely with the governors and the Prison Officers Association. The POA's plight has been ignored for too long. As in so many other areas, the pendulum has swung too far in one direction. Today, officers feel powerless to do their job effectively as the prisoners appear to have more rights than they do. With 50% remission as the norm, it is difficult to apply meaningful sanctions to prisoners who do not toe the line. It is important to remember, in my humble opinion, that the Prison Service is just that—a service. Without proper support, officers will continue to feel, as they repeatedly describe themselves, a "forgotten army". I warmly welcome the Government's intentions on minimum sentencing and I urge them to look at the matter as soon as possible.

I also applaud the Government's interest in, and support for, our armed services. In South Dorset we have two major Army camps, Bovington and Lulworth. The courage and sacrifice of the families who live there cannot be overstated. Take, for example, just one of our county regiments, The Rifles. The regiment has now lost 53 riflemen in Afghanistan, and more than 200 have been seriously injured. That is the human cost of war. As a former soldier myself, I hold our servicemen and women in high regard. I am greatly reassured by the coalition Government's actions to ensure that the military covenant is properly respected.

As to the future, it holds great promise, with the Olympic spotlight well and truly focused on the best sailing waters in the United Kingdom. Already, top athletes are training for competitive events both this year and next in preparation for the 2012 games, all hosted by the Weymouth and Portland National Sailing Academy, the first Olympic venue to be ready and officially opened by the Queen herself. None of that would be possible without the co-operation of Portland port, the former naval dockyard now in private hands. Despite grim predictions at the time, the port now employs more civilians than it did in its heyday as a naval base. There are some exciting projects in the pipeline that promise hundreds more jobs.

I have entered public life because I could no longer sit on my hands and watch our beloved country lose her pride. There is so much to fight for. However, unlike my ancestor, who did not say a word for 32 years—I will not ask you to open the window, Madam Deputy Speaker—I have every intention of standing up for my constituents who put me here.

2.45 pm

Mrs Mary Glindon (North Tyneside) (Lab): Thank you, Madam Deputy Speaker, for allowing me to make my maiden speech during this debate. First, I congratulate the hon. Member for South Dorset (Richard Drax) on an excellent and entertaining speech. Over the past few weeks I have listened to many maiden speeches, and each time I felt a pang of emotion as I listened to other new Members speaking with heartfelt pride about their new role and their determination to work for their constituents. I now speak with heartfelt pride myself. I am proud to stand here as a native of North Tyneside having the great honour of representing my fellow North Tynesiders as the first woman Labour MP for the area since Margaret Bondfield in 1926.

North Tyneside constituency underwent some boundary changes at the general election, so I find myself paying tribute to both the former MP and two colleagues in the House. The right hon. Stephen Byers represented the constituency for 18 years. Not only an able parliamentarian but an excellent constituency MP, he is held in high regard by the many constituents he helped.

Two wards from the constituency of my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) have come back into North Tyneside. I

[Mrs Mary Glindon]

know that my right hon. Friend and Steve Byers worked together on a number of issues, including the Swan Hunter campaign "Life for Swans" and most recently to help with the reinstatement of the Findus factory in Longbenton. I believe that the north-east is indebted to my right hon. Friend for the excellent work that he did in his role as Minister for our region. The evidence of his popularity as a constituency MP is there to see in the busy case load that I have inherited from him.

Riverside ward, where I spent the first 19 years of my life, has come into North Tyneside from the constituency of my hon. Friend the Member for Tynemouth (Mr Campbell). My hon. Friend worked hard as a Minister in the last Government, and his success as an MP was confirmed with his fantastic general election victory, when he increased his majority despite the Tory party spending some of Ashcroft's millions over several years in a vain attempt to unseat him.

North Tyneside constituency stretches along the River Tyne from North Shields to Wallsend, through Killingworth, Benton and Longbenton to the former mining communities in Seaton Burn, Burradon, Annitsford and Camperdown. The people of North Tyneside have a sense of fairness, and their commitment to their area is demonstrated by the array of community groups that have developed over the years, from youth groups such as the Longbenton Youth Project to more established residents' groups such as the Burradon forum. We are particularly proud of our excellent schools, many of which have been enhanced and developed under Labour's Building Schools for the Future, and we have our own college of further education, TyneMet, which has helped launch the careers of many North Tynesiders, including mine.

Modern business parks have brought employment into the area, and Tesco is about to create 1,000 jobs at Balliol business park. However, I, like many others in the area, am saddened that we are to lose the Twinings tea factory in North Shields. Despite a good campaign to save it, the company has decided to relocate to Poland, leaving its workers jobless. Everything must now be done to help those workers find suitable alternative work, and I know that the unions have started the process to help them through this difficult time.

North Tyneside has no shortage of cultural and industrial heritage, with famous sons including Robert Stephenson, Robert Westall, Owen Brannigan and Sting. The world of football has been graced with players like Peter Beardsley, Alan Shearer and Michael Carrick, who all started out at the famous Wallsend boys club. Wallsend is also home to the Roman fort Segedunum, which is a world heritage site and sits alongside the world famous Swan Hunter shipbuilding yard, which sadly closed in 1995. The former Rising Sun pit, where my late father-in-law, an overman, was in the last cage to leave the pit, now forms part of our countryside park.

On several occasions, I have listened to Members opposite mock when those of us with great mining and shipbuilding traditions tell of the devastating effects of the Tory cuts during the 1980s and 1990s. What they fail to understand is that those cuts were not simply about economic ruin for individuals, but dealt severe cultural blows to close-knit communities. I congratulate the Labour Government on trying to right those wrongs with positive policies during the last 13 years. I know that one of our best hopes to reinvigorate industry in North Tyneside is to invest in the wind turbine industry. Already my right hon. Friend the Member for Newcastle upon Tyne East and my hon. Friend the Member for Tynemouth have been working with Shepherd Offshore to that end, and I want to work with them to bring this modern, skilful and sustainable industry to our former shipyards.

I have hopes and aspirations for North Tyneside, but this debate shows that this Government will make the attainment of those aspirations a hard slog. Fuel poverty has been tackled on a large scale in North Tyneside, thanks to support from the previous Labour Government. As a councillor and former energy champion for the constituency, I saw the excellent work done, with the help of Eaga, to develop a strategy to combat fuel poverty with partners from all sectors. The introduction of the warm zone, under our previous elected Labour mayor, not only improved energy efficiency in residents' homes, but—because the scheme included supporting people to access benefits—realised more than £1 million in extra benefits, to which people are rightly entitled. I only hope that the Government's green deal proposals will continue to deliver this level of success for those people still in fuel poverty in North Tyneside.

I cannot finish my maiden speech without reference to my former colleagues working in the Child Maintenance and Enforcement Commission. As an administrative officer, I worked with the staff in manual payments at Longbenton until April this year. I know how committed these and other public sector workers are to delivering good services. As Members of this House, we are elected public servants and we should do all that we can to protect our colleagues across the public sector from Government cuts.

My commitment to North Tyneside is total. I will do all that I can to justify the trust that the people of North Tyneside have placed in me, and I will busy myself, in this House and in my constituency, to get the best deal possible for them.

2.52 pm

Lorraine Fullbrook (South Ribble) (Con): Thank you, Madam Deputy Speaker, for allowing me to make my maiden speech today. I congratulate you on your new role. I also congratulate my hon. Friend the Member for South Dorset (Richard Drax) and the hon. Member for North Tyneside (Mrs Glindon) on their fascinating and excellent maiden speeches.

It is a great honour to be in this Chamber representing the people of the South Ribble constituency, and I wish to pay tribute to my predecessor, David Borrow. For 13 years, he worked hard for his constituents and he was renowned for his support of many local charities and organisations, particularly those involved in the developing world helping those suffering from HIV and AIDS.

I feel very proud in being the first woman Member of Parliament for South Ribble, but I follow in the illustrious footsteps of Edith Rigby from Penwortham in my constituency, who was a founding member of the Hutton and Howick women's institute. In 1904, she joined the Women's Social and Political Union, popularly known as the suffragettes. She was arrested and sentenced to a

month in prison for taking part in a march to the Houses of Parliament. She went on to serve a total of seven prison sentences, and her activities culminated in her planting a bomb in the Liverpool cotton exchange.

South Ribble can be divided into four distinctive areas and locations, each with its own beauty and rich history and, under this new Government, a better future ahead. Leyland, of Leyland Motors fame, is the main town of South Ribble and has its past in both the cotton and engineering industries. The Cromwell tank was built in Leyland in 1943 by Leyland Motors, which was a world-beating engineering firm of its time, exporting lorries and buses around the world, including to Cuba. The Leyland cotton mills wove fine cambrics and fancies for many fashion houses of the day, in addition to cotton bandages, woven and bleached in Leyland to supply the military front lines of British campaigns around the globe.

Although the heavy engineering and cotton mills of the past have long ceased, these industries have been replaced by highly skilled, technical engineering companies such as Clean Air Power and Torotrak, providing hi-tech solutions for the reduction of CO_2 emissions from large haulage vehicles and articulated lorries. In the case of Clean Air Power, CO_2 reductions of 50% to 60% are the norm. Leyland is also the home to Schwans, which makes the famous Chicago town pizza.

The people of Leyland and I strongly agree that regeneration is the key to the future success of local business, along with improved infrastructure and leisure facilities. I am delighted that, under the leadership of Councillor Margaret Smith, the leader of the Conservative South Ribble borough council, the Leyland regeneration board has been formed. The board is made up of prominent local businessmen and women with a wealth of local expertise, but more importantly, this is being carried out through the private sector and is not hamstrung by the red tape and bureaucracy of the public sector. All in all, the future for Leyland is a million miles from humdrum.

The villages of Tarleton—where I live—Hesketh Bank and Banks were where the Normans "harried" the north in 1069 and they were allowed, under law, to continue their recreational violence of slaughtering any Saxons whom they came across in the "freelands". The fenlands, or marshes, surrounding the villages are now home to a 2,000 acre bird sanctuary and conservation area in the Ribble marsh estuary.

Fortunately, the "freelands" are now some of the richest agricultural land in the country, which supports the horticulture, or growing, industry, producing crops that are an important source of the nation's food. That is one of our largest industries, with the growers supplying the major multiple retailers in both the UK and other parts of Europe. However, these companies, both large and small and employing large numbers of local people, feel weighed down and burdened by the rules, regulations and taxes imposed on them by the previous Administration. They, like many other businesses, feel pummelled by ever increasing business taxes, vehicle excise duties and fuel duties, and I welcome this Government's measures to help private business and enterprise flourish. The growers are desperate for new infrastructure to enable them to get their food crops from the growing fields to the main road network. In the bonfire of the quangos, the horticultural industry is looking to this Government to set fire to one of the last remaining dinosaurs of its type—the Agricultural Wages Board.

Other villages of South Ribble are famous for many past and varied pursuits by the locals. Albert Pierrepoint, Britain's last official executioner, after his retirement owned the Rose and Crown public house in Much Hoole, the pub being affectionately known by its patrons as "the drop in". Jeremiah Horrocks, the curate of St Michael's church in Little Hoole, accurately predicted and witnessed the transit of Venus, last seen—after 121 years—in 2004. Mawdesley was the centre of basket-making in Lancashire, thanks to the fine willow grown on the banks of the River Yarrow. The village of Eccleston was once famous for growing more than 200 varieties of apples, and I am delighted that the community has recently come together to replant apple trees in gardens, on the green and in other public spaces.

Small and medium-sized businesses are the mainstay of employment in South Ribble and the risk takers and innovators of our economy. These business people will certainly benefit from the measures outlined last week by my right hon. Friend the Chancellor of the Exchequer and fellow north-west MP, through his freedom, growth and enterprise agenda, and thanks to the new Government's regional growth fund, I am delighted that businesses in South Ribble will benefit to the tune of up to £5,000 per employee in national insurance contributions for the first 10 new employees.

My constituency is home to many highly skilled and specialist employees in the defence industry in the north-west—one of the UK's pre-eminent defence industrial areas. BAE Systems, Europe's largest defence contractor, has a strong presence in my constituency, with many constituents having a deep-rooted and strong interest in the future of the Typhoon fighter aircraft and tranche 3B of the programme; in the Mantis, one of the world's leading unmanned air vehicles; and, of course, in the F-35 joint strike fighter aircraft, which is a Lockheed Martin programme with BAE Systems as its main partner. No one can pre-judge the outcome of the strategic defence and security review, but it will come as no surprise to the Front-Bench Defence team that I will be campaigning hard and fighting for my constituents for the Typhoon tranche 3B project to go ahead.

I am very pleased to be making my maiden speech in this important debate on the progress and prospects in energy efficiency. It is with great regret, however, that the previous Government's Warm Front initiative has not been the success that was envisaged. Indeed, a number of my constituents, including a wheelchair-bound, 81-year-old gentleman, have come to me for help, following both initial consultations and installations by Warm Front agents in the north-west. They all have a sorry tale to tell—from being without hot water and heating for months on end after Warm Front carried out work on their properties, to vastly excessive charges over and above the £3,500 grant, appalling and shoddy workmanship and faulty equipment installed with no further responsibility from the companies involved.

After a particular constituent was advised that he would be required to stump up an additional £8,000 to replace a boiler and central heating system in a two-bedroom bungalow, I contacted a local and well respected Corgi-approved heating engineer to give me a quote. That came in at a total cost of £2,800—£700 less than the grant of £3,500—for the same specification as Warm

[Lorraine Fullbrook]

Front's agents. I implore the Minister to review the Warm Front scheme urgently, as I believe there to be unscrupulous companies exploiting both the taxpayer, who is certainly not getting value for money, and my constituents, who in many cases are families with young children and elderly and vulnerable individuals. I respectfully request that the Minister ensure that the Government's excellent green deal programme does not go the same way.

Above all, the people of South Ribble wanted the Government off their backs and on their side. They believe that they know how to spend their hard-earned money better than any Government, and they voted for power to be handed back to the people. It is with great pride that I am in the House representing the people of South Ribble. I have vowed to put it on the map and to be South Ribble's voice in Westminster, and not the Westminster voice in South Ribble.

3.4 pm

Jim Shannon (Strangford) (DUP): I congratulate you, Madam Deputy Speaker, on your elevation. I also congratulate the three maiden speakers on their fascinating accounts of their constituencies, in particular the hon. Member for South Ribble (Lorraine Fullbrook), who was just ahead of the hon. Member for North Tyneside (Mrs Glindon). I am now wondering where to spend my holidays—I was going to go to Florida, but I might go to all the different places mentioned as well. Dorset is on the map, too; it is not out of the question.

As a Unionist, I would normally back off from green politics or policies, but this is one occasion when I am fully in support of the green agenda. I never thought I would come to the House of Commons and say that, but today I can, with all honesty. I congratulate the Minister on bringing his thoughts and ideas to the Floor of the House; he said lots of things from which I can take comfort. However, there are many other things I would like to comment on. First, I want to outline some areas where I believe advances can be made.

Hopefully, the policies and targets we are trying to achieve are attainable. These days, efficiency is a word I dread. When someone mentions it, I think, "Oh my goodness, not more cutbacks. We're in trouble again." If we mention efficiency savings in schools, we are talking about school clubs being cut back, and if we mention them in hospitals, we are talking about night-time X-ray centres and accident and emergency departments being cut back. Those words send dread into the soul. However, there is one kind of efficiency that we are all happy to hear about—energy efficiency, and how it can be achieved and ultimately how it can bring about savings and a better way of life. We need to meet all our targets, including on carbon emissions. That is because the general public will be the winners from any efficiency that comes into play and which can be put to our advantage.

I am further encouraged by the number of Members who have within their constituencies companies that are go-ahead and inventive and have genuine ideas for providing energy savings. It is good to have that vast knowledge and expertise to hit upon. As someone who represents a mixed urban and rural community, I am faced with the needs of each and the difficulties that the different sectors have faced. I am also faced with the opportunities that come from that, because each has to make a lasting difference to the future of Northern Ireland and the UK as a whole. I mention Northern Ireland because I represent a constituency there, so it is important for me to make that point.

Wearing my other hat, as a Northern Ireland Assembly Member, I was part of a committee that highlighted energy efficiency. The rural community has a large input into energy production and development and the consideration of other uses of land. Will the Minister consider the issue of diversification for landowners into wind farms, sea turbines and opportunities for growing biomass, where energy savings and efficiencies can be made, and through which, ultimately, we can achieve the savings and efficiencies that we need? Strangford and Portaferry are leaps and bounds ahead of other places in many ways. I am saying that not just because I represent those areas, but because we have the first use of a tide turbine in the loch—the SeaGen project—which has begun to generate electricity for the area. It is a very successful and innovative idea. There are many other places in the United Kingdom where such an opportunity can be taken, and I hope that it will be encouraged.

Wind turbines can go a long way towards creating the energy levels and efficiencies needed. I would also make the point—I have made it in the past—that many birds and wildlife migrate to Strangford, in particular Strangford loch, in the winter. Brent geese are one of the important birds that go there. However, wind turbines and migrating fowl together will create problems, so I have suggested to those involved that perhaps we need a balance and some protection. We are all playing the renewable energy game, but the provision of wind turbines must strike a balance and integrate well with nature. It is wonderful that the SeaGen turbine has become the source of electricity for thousands of homes in my constituency. I believe that we can do this even better; we should replicate the SeaGen turbine in Portaferry right across the United Kingdom. One size does not fit all—I accept that—but we have to look at the ways we can achieve those things.

I put down this marker when it comes to offshore renewable energy: one thing must be protected, and that is the position and interests of the fisherman. Any future plans must ensure that they do not detract further from or decrease fishing locations, which would put the fishing industry under even more pressure. Given the potential for perhaps 300 sea and wind turbines on the coast, I believe that there will be an impact on a great many areas around the Irish sea coast, the Scottish coast and the rest of the UK.

The fishing industry is very important in my constituency. As such, although we all want to see the benefits and opportunities of energy efficieneies and renewables, we also want the fishing industry to be protected. By its very nature, and because the European Union is mostly responsible for the restrictions, the news for the fishing industry is not always good news. We want to make sure that we strike a balance. We need to make sure that the targets for renewable energy are met; that fishing can continue and co-exist; that the threat of habitat extinction is recognised; that fishing boats are not allowed near the sea turbines due to collision risks. Noise is generated by wind turbines; those who have one not too far away

know that. If that is multiplied by 10, 20 or in some cases 100, we can see the problems. We need to be sure that people's quality of life is not affected.

Targets have been set for 40% of all electricity generated in Northern Ireland and the area I represent to be provided through renewable energy by 2020. Location is important, and co-existence and co-operation are vital if we are all to be supportive of goals that must be achieved. We cannot allow fishing fleets to be displaced; they can co-exist. The mussel and shellfish beds off the Copeland islands off Donaghadee are an important habitat and they must be protected.

There are benefits to the economy, too. This has not been touched on so far, but as I understand it, wherever we have a sea or a wind turbine, we create jobs. Perhaps that jobs factor has not come into the equation so far, and the Minister will comment on it in summing up. In other parts of the UK, renewable energy generation has been approved and there are abundant examples of how it co-exists with other industries. That is just one of the many challenges for 2020 that I believe we should look at.

In his introduction, the Minister mentioned that there would be no targets—I may have heard him incorrectly; I would like some clarification. Targets are not set just for the sake of it, but it is important to have them, so that we know when we are achieving some of our goals. It is not a matter of setting targets and then failing to achieve them; it is important to have something to aim for. We all set targets in our life—I know I do, and I presume other Members do, too. We need to have something to aim for in relation to what can be achieved.

I referred earlier to the willow biomass project—another example of renewable energy of which Northern Ireland has taken advantage. I believe that it will reap benefits. There has to be a fairly vast acreage in order to get the advantage from it. Again, I would like to hear what incentives are available. It is not always about what grants are available; if there is an incentive for someone to plant willow biomass, why not do that? Perhaps the Minister will give us some indication of the incentives to encourage landowners, farmers or others who have the opportunity to develop it.

I am also very aware of the CRC—carbon reduction commitment—energy efficiency scheme, which is being brought into operation throughout the UK. It applies to any public body which in 2008 had at least one half-hourly electricity meter. The half-hourly market is required to register for the scheme. The Environment Agency estimates that some 1,100 public bodies will be participants in the scheme. Other registered public sector bodies must make a simple information disclosure at registration at the start of each phase of the scheme. It is hoped that the scheme will raise awareness in business, which I think is important, and there must also be the promotion of consumer efficiency. Those are the joint goals to try to aim for. I have been a part of a group aimed at encouraging the promotion of the Energy Saving Trust in the Province. Again, the scheme could be pushed elsewhere in the UK.

In these times of economic constraint, every pound saved will make a difference. It is not an exaggeration to say that pounds saved today will help balance the books at the end of the week. People need to understand that they can save around £37 a year by turning applications off standby, while reducing room temperature by 1° C can cut heating bills by up to 10%. Being a modern man—I am sure there are plenty of modern men in this Chamber—I know that washing clothes at 30° C instead of at higher temperatures uses around 40% less electricity. That may sound a trifle boring, but it is something that the modern man has to address. If people are committed to energy saving and to renewable policies, they should consider all these things.

It is my hope that this Government will consider an initiative by which the regular working family can get help with grants to enable the installation of solar panels to generate hot water among other things. In the Minister's opening speech I think that there was mention of the legislation being put forward, and I would like to know more. Perhaps when I get a chance to read *Hansard*, I will have a better idea of exactly how any system might work. We are keen to see how it might happen. The cost of solar panels, for example, is sometimes prohibitive to those who cannot access grants. Yet long-term benefit to the environment, which is what we are aiming for, will far will far outweigh any cost factor. I have been contacted by a great number of young couples who would like to be green in their lifestyles, but who are working to pay off their mortgage and simply cannot afford the upgrades. Again, how will that work? The idea of the system that I got was that there would not be grants as such, but I would like to know more about how it would work.

Before I left to come here this morning, I saw a TV programme showing how energy-efficiency savings could be made in households—somewhere in London, I believe—whether it be through solar panels in the roof, the insulation of the walls or the collection of rain water in a downpipe, which is then put to household use. It provided a few examples of how that could happen. The person concerned spent a fairly large sum to make that happen, so the question I ask is how we can help those people to do more. How can we help families who cannot afford to do any of those things? That is something that we should look at, whether it be through a direct subsidy or through another method. If there is one, I would like to know what it is.

The future of energy efficiency lies in renewable energy that co-exists with business; it lies with encouraging people to do the small things that make a big difference in their homes; and it lies with this House making the prospects attractive and in every way encouraging businesses and homes to go the extra mile and see what the benefits will be.

3.18 pm

Tessa Munt (Wells) (LD): It is an honour to follow the hon. Member for Strangford (Jim Shannon) and to address the House for the first time on behalf of the people of Wells, the most beautiful constituency in the country. *[Interruption.]* Yes it is.

First, I wish to pay tribute to my predecessor, David Heathcoat-Amory, who sat in the House for 27 years, a longer period of service than that of any other MP for Wells since the Great Reform Bill. He was, perhaps, best known as a passionate Eurosceptic, and he voluntarily stood down from John Major's Government in order to pursue his convictions in that area. Although I do not share his views on Europe, I believe we should respect

[Tessa Munt]

MPs who put such a premium on their principles. Mr Heathcoat-Amory has recently announced that he does not intend to stand for election again. He is a man with other interests and activities, and I wish him well for the future.

Members will be familiar with the names of many places in the Wells constituency. It runs from the coast at Brean and Berrow, and Burnham-on-Sea and Highbridge in the west, to Shepton Mallet and Chilcompton in the east, and from Street in the south to Star and across the Mendips to Ston Easton in the north. My constituency also encompasses England's smallest city, Wells, with its glorious cathedral, and the towns of Glastonbury, Axbridge and the villages of Cheddar and Wedmore, and 170 other rural communities. I celebrate the addition of the village of Stratton-on-the-Fosse within the boundaries of the constituency at the last election, and recognise the service of my hon. Friend the Member for Somerton and Frome (Mr Heath) in previous years.

Wells is rural Britain at its very best. The Mendip hills, reaching over 1,000 feet high, look down over the Somerset levels and moors, much of which is below sea level. Somerset is well known for its farming, its Cheddar cheese and its cider.

Ms Louise Bagshawe (Corby) (Con): Hear, hear!

Tessa Munt: Yes.

Somerset is heavily reliant on tourism, with 26,000 people employed in attracting and serving tourists. Perhaps, in this of all weeks, it is most familiar to the 145,000 music fans, 35,000 staff and over 20,000 volunteers who visited or worked in the village of Pilton for the 40th Glastonbury festival. Many people have enjoyed some or all of Michael Eavis's 40 years of festivals, including those devotees who watched some of the 60 hours of live BBC coverage—some of it from yurts, I might add in reference to earlier conversations in the House. People were living in teepees and in camps but this time there was no rain, so we suffered not the mud. The BBC coverage was even in competition with the World cup and Wimbledon.

This weekend, I met people who first attended in 1970 at Worthy Farm, when the tickets cost £1 for the whole festival, which included free milk for the duration. The real benefit of the Pilton, or Glastonbury, festival is long-lasting: the huge support that Michael's festival brings to local communities and businesses and its promotion of Somerset and all it produces.

My constituency is a place of both great history and great legend. People can trace the footprints of King Alfred and King Arthur, as well as of our first tourist, Joseph of Arimathea, who reputedly brought the holy grail to Glastonbury for safekeeping. However, despite its long history, I would not want anyone to think the area is anything other than a collection of thriving modern communities sharing many of the challenges confronting the country as a whole.

I have entered the House because of my shouting at the radio in frustration for the past 20 years. I have spent most of my time saying, "People should be able to see that things can be done in a different way, and someone should do that." That frustration led me eventually—it possibly led my father initially—to think that that someone might be me, and that I should actually stand up for what I believe in.

I therefore stood for election, and I hope that in my time here I will be able to bring a little more common sense. By way of example of that, let me offer some of the issues that have struck me over the past couple of weeks. One of my constituents has come to me and said that her village has just replaced two bins at a cost of £340 and that everyone accepts that. I think that is an absurd amount of money to be paying for two bins, particularly as they are to be used for dog poo. That sort of thing cannot be sensible, and must not be done unquestioningly on behalf of people. We need to check that we get value for money and insist that our councils and authorities across the country ensure that that is the case.

My second example comes from Cross in my constituency. Again, the local authority has accepted that something may need to be done in that local community to alleviate some of the traffic problems, but a roundabout might cost £600,000. I cannot see how we can accept these things; we must ensure that in economically difficult times we question what is happening right the way through our land. I hope that I can bring a level of common sense.

When I was standing for election, I did not expect to find myself on the Government Benches—that was a nice surprise. I was delighted that when I looked at the coalition agreement I found that 27 different Liberal Democrat manifesto pledges had found their way into it. I have been questioned on several occasions about what it is like to be in the coalition team. I have told people that it is not absolutely where I thought I was going to be, but that a seven or eight-year-old child might dream about playing for West Ham and then at the age of 21, having spent 12 years training, they might suddenly get an offer from Fulham. What do they do then? Do they say, 'No, no, I am going to hold on and wait until West Ham spot me"? They are not going to do that, and it is better to work with people and try to get spotted from somewhere else. Therefore, I view the coalition as a positive opportunity for Liberal Democrats to make progress in government and bring some of our manifesto pledges to bear.

I wish to take this opportunity to draw to the House's attention some of the problems that I have experienced and that some of my constituents have experienced in relation to the subject of this debate, "Progress and prospects in energy efficiency". National Grid has put forward proposals to plant a series of pylons across the beautiful Somerset levels and the moors, and up through the neighbouring constituencies of Bridgwater and West Somerset, and North Somerset; the route goes from Hinkley Point to Seabank, in Avonmouth. It covers a distance of some 40 miles, but National Grid insists that it must transmit power from Hinkley Point through cables on overhead pylons. It wishes both to upgrade the current network and to prepare for some future transmission, which may come from wind farms, from a possible use of the Severn river—the barrage, the lagoon, the reef or whatever other method of transmission may come from that—or from microgeneration.

The people of Somerset understand that there is a need to transmit electricity from A to B, but they surely have a right to some say in how that is done and how it might come about. National Grid sounds like a lovely beneficial or philanthropic organisation, but people need to remember that it is nothing like the National

Gallery or the National Trust; it is a multinational corporation with its shareholders' interests at its heart. I say to hon. Members that it should be allowed—this House has a place in making this happen—to bring modern practice and thinking into its research and development functions. Pylons are a 1920s technology, and they are not the solution to 21st century transmission problems.

The pylons that the National Grid Company proposes will be 400,000 KV, they will be 46 metres high—that is 152 feet in old money—they will hum, they will buzz and, most importantly, they will completely destroy the tourism opportunities in my constituency. The Campaign to Protect Rural England is trying to remove overhead lines and make moves to ensure that National Grid does not put pylons through areas of special landscape beauty, such as the national parks, or areas of outstanding natural beauty, such as the Mendip hills. It is also trying to prevent green belt land from being used. However, in a rural area an awful lot of land is not designated as such.

When questioned, National Grid said that although a great deal of my constituency is under consideration for the 17th world heritage site in the country, since we had not achieved that status it did not have to have any regard to that fact. It seems that those who live in an urban area—the northern part of the line passes through bits of Bristol and Avonmouth—get automatic protection from this blight, because National Grid intends to put the power underground as it is near housing.

This problem does not just affect 38,000 people. There are already 22,000 pylons in this country and 4,370 miles of overhead lines, and with the movement towards more nuclear power and, as I have said, the other forms of transmission that will be necessary, they will be coming to a place near all of us soon. So I come back to the fact that National Grid insists that pylons are the cheapest and most efficient means of carrying electricity. It does that because the framework in which it exists and the decisions that it is allowed to make fall within, as far as I can see, the Electricity Act 1989 and various other rules, such as the Holford rules, which date back to 1959. Those rules are stopping National Grid from considering the other options.

All that people in my constituency want is a choice, and as of last October National Grid went out to what it called consultation. People have a choice of three routes—just two in my area, really. Those routes go near schools, they go across open land and they go near housing. We should not only consider economic efficiency and financial cost, as the Electricity Act 1989 insists. Views of efficiency must have changed since 1989. We must consider the whole-life costs of the construction of pylons. Surely we should be considering the environmental cost and the cost to land and farmers, such as those who are prevented from running organic farms because of the proximity of pylons. Most importantly, we must consider the issues of health, specifically that of children's health. Finally, we must consider transmission losses.

National Grid faces opposition from thousands of local people. Some 38,000 are considered to be directly affected by the Hinkley to Avonmouth line alone. National Grid admitted that it was surprised by the number of responses that it received from people in Somerset and along the line. Up until now, it had received only 247—the maximum number of objections that it had ever had to any proposal. Now, after this so-called consultation, it is trying to respond to the 4,106 responses that it has received. The objectors notably include Griff Rhys Jones and Carol Vorderman. Bill Bryson, the CPRE's president, is on record as saying:

"This is crazy—more pylons do not equal progress."

Let me draw attention to the issue of health, in particular. There are illnesses—among them cancers, childhood leukaemia and depressive conditions—that are believed to be a health effect of living near high-voltage power lines. Studies at Bristol and at the university of California rate other illnesses and conditions as directly associated with electric and magnetic fields.

In particular, I want to draw the Minister's attention to a huge study in Sweden, in which the effects of overhead power lines have been measured on 500,000 people over a period of 25 years. That study found overwhelming evidence that electrical fields generated cancer in children at four times the normal rate and at triple the rate in adults. Sweden now lists electromagnetic fields, which is exactly what we find with overhead lines, as a class 2 carcinogen along with tobacco. I could also quote from studies in Russia, India and the United States, and our Department of Health found a link between proximity to power lines and childhood leukaemia that was sufficient to warrant a precautionary recommendation, including the option to lay new power lines underground where possible and to prevent the building of new residential buildings within 60 metres of existing power lines.

We should consider the framework in which National Grid must exist and think carefully before we force overhead power lines on to people in Somerset and across the country. What local people want is choice. It would be sensible and logical for them to be told the costs, risks and benefits of all the different types of transmission that could be used. It is clear from practices across the world that power can be put overground, as is proposed, but also underground and undersea. Surely, the most logical way of joining Avonmouth to Hinkley would be undersea. That is what people require. People should have the opportunity to say what they want having received all the information that they should have received. National Grid is running a new consultation, which involves it shouting at local people what it has already said: all it is doing is explaining in more detail why it is right and why people should not have that choice.

Looking purely at the economic argument, even that can be dismissed because although National Grid says that underground routes might cost 10 or 20 times as much, its counterparts in Denmark and Germany have been able to use underground lines at between two and a maximum of five times the cost. Undersea lines are also being used, and there are grids around Europe and across the world. National Grid even admits that that would cost a fraction of a penny per kilowatt-hour. I and some of my electorate have costed its £1.2 billion plan, if there is such a thing—its proposal if it wanted to go undersea—and it comes out that the cost, over 50 years, would be but 33 pence per person per year. We should consider Bill Bryson's comments on progress and the very bleak prospects for the people of Somerset, in terms of this proposal and energy efficiency.

[Tessa Munt]

I ask the Minister to consider the draft national policy statement and to retrieve it from the black hole into which it may have disappeared before the election. I hope that he will look again at how we might make it work—for example, we could reconsider the Holford rules. Various paragraphs could be replaced by more balanced and neutral commentary on the pros and cons of undergrounding. Perhaps we should ask Ofgem to commit, in the next five years, to undergrounding a percentage of its network and to removing all the old pylons. We should also consider amending the Electricity Act 1989, particularly schedule 9, to require Ofgem and electricity companies to mitigate the landscape impact of electricity network infrastructure and to lay reports before Parliament on achievement.

I thank the Minister for considering the issues I have raised and for realising that the threats to rural communities are real, particularly in relation to tourism, which is our lifeblood in Somerset. Thank you for allowing me the luxury of time to speak, Mr Deputy Speaker. I promise to be an active and enthusiastic Member of the House in representing the people of Wells and Somerset.

3.39 pm

Barry Gardiner (Brent North) (Lab): May I take this opportunity to welcome you, Mr Deputy Speaker, to your new elected role? I look forward to serving in this House under your guidance. It is a pleasure to follow the hon. Member for Wells (Tessa Munt), who gave a very thoughtful and considered speech on the various aspects of her constituency. I am delighted to have been here for that.

In March the Conservatives proposed a

"radical overhaul of Britain's energy policy".

The right hon. Member for Witney (Mr Cameron) was not above taking a sideswipe at what he called

"a succession of eleven energy Ministers and eight Secretaries of State"

in the 13 years under Labour, so I welcome the fact that, less than 13 weeks since that document was published, the Prime Minister has already appointed a new Minister with responsibility for energy efficiency, and a new Secretary of State.

However, it was not only the Energy Ministers who got a radical overhaul; Conservative energy policy did as well. The House will recall that in the Prime Minister's "husky days", when he went to Greenland to hug glaciers, we were told that nuclear power would be the Conservatives' "energy of last resort". Even so, in March they talked about fast-tracking the process of building new nuclear plant. Fast-tracking their energy of last resort?

That, of course, was Conservative policy BC—before Chris. The new Secretary of State was obviously keen to recycle the old policy—some might say that he would rather have composted it—as his views on nuclear energy are well known. As long ago as 5 November 2007 he set out his position on his website, as follows:

"Ministers must stop the side-show of new nuclear power stations now. Nuclear is a tried, tested and failed technology and the Government must stop putting time, effort and subsidies into reviving this outdated industry."

No wonder it is called a coalition Government: some of them like coal, the rest of them prefer nuclear fission. It is a coal-ission—or perhaps it is more of a coll-ision.

The fact is that by 2020 the following nuclear stations will have closed: Wylfa, Oldbury, Hinkley Point B, Hunterston B, Heysham 1, Hartlepool and Dungeness B. The stations at Torness and Heysham 2 will follow soon thereafter. That is approximately 18% of the UK's power generation that we will have to source elsewhere, just to maintain our current level of consumption. However, that description fails to account for any increase in population or consumption patterns, and it also means that a huge effort will be needed just to maintain an unsustainable status quo—a perfect description of Conservatism in general.

Thomas Docherty: Is my hon. Friend aware that a large number of coal power stations are also going to close? The Scottish Power station at East Lothian is one of many examples, so the Government will have an even bigger gap to close.

Barry Gardiner: My hon. Friend is entirely right, and the example that he gives illustrates the extent of the gap opening up between our generation capacity and our predicted levels of consumption. I hope that he will pursue that point, perhaps in his own remarks later this afternoon.

Of course, the best way to manage this shortfall in supply is to engineer a corresponding shortfall in demand. That is where energy efficiency is critical, and I was delighted that the Minister of State with responsibility for energy efficiency visited the Mark Group's home energy efficiency academy earlier this month to welcome their 1,000th graduate—Shaun, I believe his name was. The academy is exactly the sort of resource that we need if we are to make sure that our small and medium-sized construction enterprises have the skills that they need to retrofit insulation to all the UK's housing stock.

I trust that the Minister will acknowledge the fact that the Mark Group academy was set up in November 2007 as part of the Labour Government's green homes initiative. In fact, Bill Rumble, the Mark Group director, said at the time:

"We welcome the Prime Minister's"—

that is our Prime Minister, not the Conservative party's Prime Minister—

"environment plans as a real step in the right direction in the task of arresting climate change and reducing the UK's carbon emissions.

The Mark Group agrees with Gordon Brown's assertion that the UK can take a global lead in tackling climate change and in doing so generating thousands of jobs."

I do not wish to detract from the Government's green deal; indeed, I applaud it. We need to accelerate the work of insulating the millions of homes without adequate loft insulation, and the millions of homes without cavity wall insulation. However, I would simply make two points. It is all very well to celebrate the 1,000th graduate trainee, but it sits uneasily with the abolition of the Train to Gain programme, which helped small construction and other companies to acquire precisely such skills, and to equip themselves and their workers for the green jobs of the future.

The second point is that it makes no sense to ask householders to improve the energy efficiency of their homes at the same time as increasing the cost of doing

so by 2.5%. I challenge the Secretary of State to show that deep inside his new Teflon Tory exterior there is still a limp Liberal longing to get out—to show us that the Liberal pledge before the election not to raise VAT was more than just the point scoring that his right hon. Friend the Secretary of State for Business, Innovation and Skills has claimed it was. I ask the Secretary of State for Energy and Climate Change to speak to the Chief Secretary to the Treasury. The latter is another Liberal, and is, I think, the Member with the longest constituency name—Inverness, Nairn, Badenoch and Strathspey. After yesterday's oration to the House, he is also the Member with the shortest political credibility. They should agree to reduce VAT on the materials and labour used for increasing the energy efficiency of domestic properties. That would make a real difference. If the VAT on such work was 5% instead of 20%, that would go a tremendous way towards incentivising householders and other property owners to make sure that they do the necessary work.

If the Secretary of State for Energy and Climate Change will not do that, rolling out smart meters in every home; piloting pay-as-you-save and ways to make homes greener; introducing clean energy cashback schemes; and making the UK a centre of green industry—all that—is just so much recycling of the stated policy of the last Government, as set out in the "The UK Low Carbon Transition Plan", published in July last year. The truth is that approximately 90% of what Ministers have announced in their green deal comes from that document. No wonder earlier this month the Department issued a YouTube video entitled "Chris Huhne launches Wind Week".

Today, the Committee on Climate Change released its second annual report on progress towards a low-carbon economy. The committee makes it clear that we can deliver on our commitment to reduce emissions by at least 34% by 2020, but only if we accelerate our roll-out of renewables and effect a step change in domestic energy efficiency. So let me welcome the Secretary of State's remarks today, in which he said:

"we mustn't rely on economic recession to cut emissions."

I agree. He continued:

"There has to be an enduring shift to low carbon ... locked into the fabric of our economy in good times and bad."

I commend to him "A Woodfuel Strategy for England". After a very modest investment of about £16 million—million, not billion—a year for only seven years, it would show net benefits of approximately £30 million a year in energy cost savings, and would save 400,000 tonnes of CO_2 emissions. More than that, it would improve the biodiversity of our woodland heritage by cropping, lopping and clearing deadwood from under-managed woodland. The equivalent of 250,000 homes could be heated for a net £30 million benefit per annum, and the reinvigoration of our broadleaf woodlands—a truly efficient ecosystem-based solution. I hope the Minister will speak to his colleagues in the Department for Environment, Food and Rural Affairs and implement this strategy as part of his green deal.

Gregory Barker: The hon. Gentleman is an acknowledged expert and has a distinguished record in the field of woodland and forestry, in particular. It is hard to conceive how that would fit into the green deal, but I acknowledge his expertise and I personally have an interest in being more ambitious in relation to the wood economy. If he would care to come into the Department and discuss it with me and officials, we could look at ways in which, in the context of these straitened financial times, we could do more to support that industry.

Barry Gardiner: I am grateful to the Minister for that offer, and I would be happy to take him up on it.

The wood fuel strategy is an important element of our energy efficiency programme. Wood is renewable and can be sourced locally, minimising transport costs. It is incredibly efficient, and represents part of the way in which we could transform local communities. I think that the Minister was present when there was an intervention from the Opposition Benches about the bulk provision of heat to communities and the importance of large biomass boilers, which could provide for communities in a much more energy-efficient way. That fits in with the wider aims of an energy efficiency strategy. I am grateful to the Minister for his offer, and look forward to speaking to him further about it.

If we are to make real progress on energy efficiency, public transport must become a priority for the new Government, which currently it is not. To put it simply, public transport must be the easiest, most accessible, most affordable and most reliable service available to the public. I was disappointed that the Minister said not one word about public transport as an instrument for delivering energy efficiency. Transport represents a fifth of the UK's greenhouse gas emissions; it did not represent so much as one fiftieth of his speech.

However, I welcome the new Government's proposal to introduce a minimum price for carbon. The second progress report from the independent Committee on Climate Change, which was published today, states:

"The carbon price within the EU Emissions Trading Scheme (ETS), and future expected prices, remain low. For the interim period before new electricity market arrangements are introduced, and in the absence of EU-wide action, there is a strong case for introduction of a UK carbon price floor".

If the private sector is to be encouraged to invest in a low-carbon future, it must be given confidence that its investment will reap appropriate rewards. A floor price for carbon gives stability, and that certainty for the market that will drive investment. I welcome it.

Sometimes in this debate, party Front-Bench spokespeople have been tempted to imply that only their party has seen the light, saw the light first, or uniquely has the solutions to our energy problems. I was a late convert to environmental matters. Indeed, my family sometimes still admonish me for putting apple cores in the wrong bin. The environment was not on my political radar when I entered the House 13 years ago. Now I hold it to be the most vital topic on the political agenda, so I welcome the Conservative party's proposals for improving energy efficiency. However late they are I welcome them, especially where they have adopted good Labour party proposals. I welcome them even more when they get Liberals to go nuclear, even if under the coalition agreement the Liberals do not have to vote nuclear.

I hope the new Government will live up to their undoubted enthusiasm and undoubted good intentions on energy efficiency and climate change, but I warn them that we on the Opposition Benches will hold them to account where they backslide, and for the areas in which they fail to make the progress that we all need.

3.55 pm

Ms Louise Bagshawe (Corby) (Con): It is a pleasure to be called in the debate and to follow such excellent maiden speeches, most recently from my hon. Friend the Member for South Ribble (Lorraine Fullbrook) and the hon. Member for Wells (Tessa Munt). My hon. Friend invoked the spirit of the suffragettes, and I am sure that she will have to plant no bombs in order to make an impact in the House. Her colleagues were most satisfied at her victory at the general election. The hon. Member for Wells gave a full and beautiful account of her lovely constituency, which I have visited, and I have enjoyed the Glastonbury music festival myself. She also touched briefly on the wonderful produce available in her constituency—the cheese and the cider. That was rather cruel on those of us who have been sitting here since before Prime Minister's questions and have not yet had lunch. Those are two very different constituencies, but they share one thing in common—they have fluent and talented Members of Parliament who are prepared to stand up for their constituents and fight passionately for them in the Chamber. I congratulate both Members on their maiden speeches.

There can be no doubt that we have, in this coalition Government, a Government who are prepared to make huge changes in our energy policy, including in respect of energy efficiency, and we have heard much about that from those on the Front Bench today. This is something that my constituents in Corby and east Northamptonshire will welcome very much. In my constituency, 12.8% of households still live in fuel poverty, and any measures that the Government can bring to bear that will assist them will be incredibly welcome. I was encouraged to hear my hon. Friend the Minister touch on the Government's commitment to lead from the front by reducing energy consumption by over 10% in Whitehall Departments in this year alone, 2010—the 10:10 programme.

One aspect of energy saving that has not yet been touched on in the debate is the way that the transparency revolution, which the Prime Minister intends to bring into all areas of government, will effect energy savings. Maidenhead council led the way by putting online in real time its energy consumption, and as soon as ratepayers could see the amount of energy consumed by the council, energy use in the council dropped during the next few months by 15%. Transparency is one other avenue that we can explore at local and national government level to ensure that we lead by example.

As various other hon. Members have mentioned—my hon. Friend the Member for Cheltenham (Martin Horwood) and the hon. Member for Brent North (Barry Gardiner) did so, and even the right hon. Member for Lewisham, Deptford (Joan Ruddock) touched on this in her opening remarks—efficiency in energy goes two ways: we must play defence but we must also play attack. I am in the unusual position of agreeing with the hon. Gentleman when I say that we must look at energy policy in the round. We cannot consider energy efficiency if we do not also look at the ways in which energy is being generated. This is of great concern to my constituents in Corby and east Northamptonshire, who are very concerned about saving the planet. I am a Conservative; I wish to conserve. I wish to conserve both the world in which we live and the beautiful countryside of east Northamptonshire, which I represent.

In north Northamptonshire, 10 separate wind farms have been applied for or are in development, of which three threaten my constituency and are very much opposed by local people. I hope that when Ministers consider energy policy and the vital importance of renewables, they will maintain our true commitment to localism. The hon. Member for Strangford (Jim Shannon) said that one size does not fit all, and that must remain true. East Northamptonshire has one of the lowest wind areas in the United Kingdom, and energy must be efficient when it is produced just as when it is consumed. My constituents remember the right hon. Member for Doncaster North (Edward Miliband) saying that he intended to impose onshore wind turbines even when they were not wanted. He said:

> "Government needs to be saying it is socially unacceptable to be against wind turbines in your area—like not wearing a seatbelt."

I happen to believe that it is both sensible and prudent for the people of east Northamptonshire to oppose wind farms in their area, given that they are in the lowest wind area in the United Kingdom. They live in an area of extraordinary natural beauty, and it is my duty to help to preserve it.

Let us compare the efficiencies of onshore and offshore wind. I shall try not to blind the House with statistics in the manner of the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), but a couple are worth listening to, because the difference in output is so remarkable. Out of 262 UK wind farms, 250 are onshore, and they produce about 3,500 MW between them. The mere 12 that are offshore, however, produce about 1,000 MW between them, and that level of efficiency must be taken into account when we look at wind power and how it is generated.

My hon. Friend the Minister spoke about a step change, and given our current situation, and the fact that we are considering energy efficiency and a low-carbon economy, that is exactly what is needed. We will not shift to a low-carbon economy unless we embrace nuclear power. If we are to embrace nuclear power and bring it in to provide for energy efficiency, energy security and a low-carbon economy, we must bring the public with us, but we will not do so unless we look at safe ways of disposing of nuclear waste.

My constituency also faces the prospect of a nuclear dump in the village of King's Cliffe, 20 miles from which 250,000 people live in various towns and cities. The dump is opposed by local authorities of all stripes, from Labour-controlled Corby borough council to Tory-controlled East Northamptonshire council and Northamptonshire county council. I am a huge supporter of nuclear power, but it cannot be delivered if applications for dumps completely ignore safety levels. The application in my constituency is essentially nothing more than a large hole in the ground. An application has also been made to transport huge volumes of low-level waste across the country. The previous Government introduced that change in policy, and until then the site could not even have been considered. When rain reacts with the waste, radioactive leachate forms, and that will have to be pumped out and transported to Avonmouth.

Dr Whitehead: I have listened carefully to the hon. Lady. She is in favour of nuclear but not in her area, because of the consequences; and she is in favour of wind but not in her area, because of the consequences. Are there any appropriate low-carbon technologies for her area which she could support?

Ms Bagshawe: I am in favour of nuclear power. I am in favour of the safe disposal of nuclear waste. I am not in favour of the unsafe disposal of nuclear waste, which is proposed for my area, where there are no nuclear power stations for miles around. I am in favour of wind power, and, as I said, I am in favour of offshore wind power, which is highly efficient. Sadly, however, my constituency is landlocked, so I cannot give the hon. Gentleman the assurance that he seeks, namely that I am in favour of offshore wind power in my constituency, because there is nowhere to put it.

In contrast, let us look at safe nuclear waste disposal sites—the type that will encourage public confidence in a new generation of nuclear power stations. The Dounreay site in Caithness has already received planning permission, and in contradistinction it proposes to put waste in steel drums, compact them and place them inside steel containers within a concrete-lined and covered vault. I can see how that would instil confidence in people. The people in King's Cliffe and its surrounding areas have all the confidence of knowing that there is a certain type of clay at the site. The application does not even possess a roof.

Is it any wonder that my constituents have asked me for help? My predecessor said that he would not get involved because it was "a planning matter", but I happen to believe that on such major planning matters people cry out for an MP's protection. A true carbon economy must be based on nuclear power. Is it nimbyism to say that an application is completely unsuitable? I do not think it is if one can make the case. Hundreds of my constituents have made that case in their representations to me, and when the application comes up for appeal in October I shall write to the relevant Secretaries of State to oppose it most vehemently.

In my mind, the most important thing that has happened in the field of energy over the past couple of years is the announcement in Japan by Toyota that it is developing a solar cell that can power a car. That will truly change geopolitics, energy security and our planet. Indeed, "Passion", the excellent book that I wrote in 2010 and was nominated as romantic novel of the year—I highly recommend it to the House—was a thriller based around just that theme. I urge the Minister and the rest of the Front-Bench team to look long and hard at investing in solar power once the technology is in place to harness the power of the sun. There will no local objections anywhere to the power of the sun, so we will be in very good shape.

Meanwhile, I know that the Front-Bench team are doing everything that they can. I ask them again to look at the transparency revolution and encourage local councils to bring forward efficiency measures and put their energy use online, so that people see savings being made in real time.

In the speech that he made when standing for the leadership of my party, my right hon. Friend the Prime Minister famously said:

"Let sunshine win the day".

and a little transparency in energy conservation would surely not go amiss. Thank you, Mr Deputy Speaker; I look forward to hearing further contributions.

Mr Deputy Speaker (Mr Nigel Evans): I am new to this job, so I shall have to have another look at "Erskine May" to see what it says about product placement.

4.5 pm

Nia Griffith (Llanelli) (Lab): Thank you, Mr Deputy Speaker; you have taken the words out of my mouth. Perhaps the Minister will place some very large solar panels in the constituency of the hon. Member for Corby (Ms Bagshawe).

Let us get on with the issue of prospects in energy efficiency. First, I should like to talk about the situation of the Welsh Assembly Government and the cuts. As we know, energy efficiency does not often get called a front-line service. Housing and education are clearly front-line services, but they take a large proportion of the Assembly budget. What money is left for the measures such as those carried out by the Department for Communities and Local Government in England—housing issues—and the excellent Welsh Home Energy Efficiency scheme, which is similar to the English Warm Front scheme? It worries me that the cuts to the Assembly Government could disproportionately affect what energy efficiency measures they are able to implement.

The Assembly Government have some innovative schemes in the valleys, where they are renovating ageing properties, which have traditionally had poor energy efficiency. That type of scheme could be under threat. I hope that the Minister will make representations to Treasury Ministers that particular consideration needs to be given to protecting energy efficiency budgets. That also applies to the money passed to the Assembly Government.

Sometimes, there are special schemes that attract a "Barnett consequential"—a technical term for additional funding for a recently announced Government measure that had not previously been put into the budget. The boiler scrappage scheme came under that title. If we do not get the funding in, a lot of the good work that has been going on could easily dry up.

We have to give much greater priority to energy efficiency than has been evident in much of the talk about which services we can protect. We all understand that if we get the investment in and continue to push for considerable amounts of energy efficiency savings, that will have considerable impact on savings made by individuals and public bodies.

During the last Government, there were productive discussions about feed-in tariffs and in April this year a scheme was launched, incentivising those who produce their own energy to produce extra, which they can feed into the grid. Such people are often extremely conscious of energy efficiency measures in their own homes, and they also contribute to the energy needs of the nation. I am disappointed that feed-in tariffs have not yet been extended to people who already had energy-saving equipment installed in their homes—the pioneers who two or three years ago, when such things were much more expensive and not so many Government grants were available, were putting photovoltaic systems, solar panels or wind turbines on their properties and were able to feed electricity into the grid. The coalition Government need to look carefully at what they can do to ensure that those who already had these installations benefit from the feed-in tariffs, not necessarily backdating that to cover all the electricity that has ever been produced from such installations, but from April, when that benefit was introduced for people who had new installations put in.

[Nia Griffith]

That relates to an issue that I am sure that my hon. Friend the Member for Southampton, Test (Dr Whitehead) will mention—renewable heat incentives. I will leave him to elaborate further, but it is another matter that the coalition Government need to look at again. They should support the plans that we had for 2011.

A difficulty appears to have arisen across the country in terms of electricity costs, which are allowed to vary because Ofgem accepts that varying costs in different geographical areas reflect the cost of service provision. However, that leaves people in south Wales with an average electricity bill of perhaps £467 per year, while those in the midlands may pay £433 per year. Surely such regional differences are an outdated anomaly when the market has been opened up so that all providers can now supply different areas and one supplier no longer supplies one area alone. Will the Minister have talks with Ofgem to see whether the current pricing arrangements can be looked at again, because they do not seem to be very fair and equitable?

I am also very concerned about rented property. It is often the poorest families who find themselves in private rented accommodation, some of which is frankly disgraceful. It can be very draughty because it has never been properly insulated, and the costs that residents pay for their energy provision are enormous. They often do not have central heating and are paying for the bar on the electric fire or the most inefficient forms of gas fire. There has been no encouraging sign from the Government, or from the Minister today, that they are going to regulate landlords in the way that Labour planned to do. This needs to be tackled head on, not only in regulating the types and standards of property but in incentivising landlords to upgrade the energy efficiency ratings of the properties that they rent out. The lack of such energy efficiency is a serious problem for those members of our society who are least able to pay.

Another issue that the Minister would do well to tackle is waste in commercial premises. When we put on our coats to go and do our shopping in the autumn, in the run-up to Christmas, we find ourselves in various forms of shop or shopping centre with open doors and enormously overheated areas. Of course we must have a reasonable amount of heat for the shop assistants working there, but an awful lot of people complain that they are absolutely boiling when they are walking around these shops. Obviously the shops would benefit from spending a lot less on the heat that they are producing, but as yet they still seem to be doing it. There is a great need for discussions with the Minister about ways of trying to keep temperatures down to sensible levels and thereby make considerable savings; perhaps there could be voluntary codes. Linked to that is the huge amount of money that is spent on heating and lighting shop displays for 24 hours a day. Perhaps we could think about guidelines on the excessive amount of energy that is used in commercial premises at all hours, even when they are not open to the public.

Public transport is a major source of energy use, and it contributes significantly to what we can do about our carbon emissions. I share with my hon. Friend the Member for Brent North (Barry Gardiner) considerable disappointment that we have not heard a lot more about it, either from the Minister today or in the coalition Government's programme.

We need to continue to invest heavily in rail infrastructure, whether through electrification of the line from London to south Wales, which I hope will go further than Swansea and out into west Wales, or through building terminals that enable freight to go by rail more easily. That could be achieved through increased rolling stock, because people do not enjoy a journey when they are packed into an overcrowded train like sardines in a tin, and they therefore revert to going by car. All those matters need to be considered carefully if we are to reduce the amount of car traffic.

There is rolling stock for Sunday trains, and it is a great shame that it is not used more extensively. In my area, people of course go shopping on Sundays, and they like to go to sporting events and the seaside. However, we are on the main line from London to west Wales and the earliest train that we can get on a Sunday from Llanelli to Tenby, a well known seaside resort, is at quarter to 3 in the afternoon. When someone gets their family there it is quarter past 4, by which time there is no point being there for a nice day at the seaside. Instead, people pile into their cars and cause traffic jams and huge queues at Carmarthen. When they get to Tenby, the traffic is so bad that there is a park-and-ride scheme to keep the town centre free for pedestrians. It is an absolute nightmare, but if people could go by train it would all be avoided. We need to reconsider people's ability to go away for weekends to stay with their families and so forth, and we need a much clearer picture of franchise requirements for Sundays, which should reflect changed lifestyle patterns. I hope that the Minister will talk to his colleagues in the Department for Transport to see whether they can give public transport a greater priority.

Another matter that I should like the Minister to take up with his colleagues in the DFT is encouraging people to think about their fuel consumption in their private cars. I think a few Members are in their places who will remember the 1970s, when a limit of 50 mph was imposed because of the so-called fuel crisis. A lot of people are unaware of the different fuel consumption patterns of their vehicles and the fact that going at very high speeds can often increase consumption considerably. We need a public information campaign, as we have had on other energy efficiency matters, to point out to people what savings they can make. People are incentivised by the idea of saving, but they are unaware or forget that savings exist. Obviously the situation is not the same for all vehicles. They vary, and technology has improved enormously, but there are still savings to be made and well informed public information campaigns could help considerably.

I shall finish now, because I know that many other Members would like to get in. We have to ensure that we do not let the whole issue of reducing our emissions and being as energy efficient as possible become sidelined by people who say, "We cannot afford to do that because of the financial crisis". We cannot afford not to do it, because great savings can be made from both the public purse and private individuals' pockets. We must all make the most of every opportunity to push the Government for a much more energy-efficient programme.

4.19 pm

Neil Carmichael (Stroud) (Con): Thank you, Mr Deputy Speaker, for calling me to speak. I missed the opening speeches, and I am very sorry about that. It was an error

on my part—I was somewhere else when they were taking place, and I regret it because I would have liked to hear what the Front Benchers said. I may well repeat something that has already been said. Nevertheless, energy efficiency is a really important subject, and it is great that we are having this debate.

While I was sitting here and hearing about the fuel crisis of the 1970s, when Ted Heath was Prime Minister, I was reminded of the fact that the Department of Energy was created at that time to solve the crisis of the shortage of fuel and deal with the issue of coal. More recently, the Department of Energy and Climate Change has been created to carry out the different task of ensuring that our energy use is more efficient and carbon-friendly. I welcomed its new guise when it was introduced by the Labour Government and I salute it now as it is still in place.

The most important thing that we can do is liberalise the energy market to encourage more transparency and competition. By doing that, we would effectively introduce new systems of energy provision, which would to some extent be micro—and I will have much to say about one particular form later. It is essential that we recognise that the energy market in the future has to be much more liberal in both supply and demand terms, although I shall concentrate on supply today.

The coalition Government have made some fantastic strides forward and have in place an excellent team of Ministers in DECC. The Government have also introduced the green deal, and I note that that has been well saluted by Labour Members as it has by my colleagues. The Government are also talking about a smart grid approach. It is important that we have a grid that is much more receptive to new types of energy from smaller micro locations. I made much of feed-in tariffs during the election campaign, because my constituency is really excited about such issues, and those tariffs will be a huge step in the right direction. The green investment bank will also encourage new technologies to be developed and launched.

One of those new technologies must be modern micro hydro schemes. The role that micro hydro generation can play will be enormous, and it will help in several other areas. What is a micro hydro scheme? A small scheme generates between 1 MW and 15 MW, a mini scheme generates less than 1 MW but more than 100 KW and a micro scheme generates between 5 KW and 100 KW. The latter is sufficient to supply half a small community or small rural industry, and that is what I want to talk about in some detail today.

It is true that sometimes it is difficult to introduce technology of any description, because there is always someone to say that it should not be adopted. Wind power has that difficulty, and actually so does hydro power. We must think more in terms of incentivising, rather than of yielding to the "not in my back yard" approach. That is an important point for all micro energy schemes.

Hydro schemes, by their very nature, will be bespoke. They deal with water, and it does not come in square tins ready for tapping, but in rivers, ponds, pools and mills that are all different shapes. The other important aspect of hydro schemes is that they can help in dealing with other things, such as flood management. In Stroud, we have quite a lot of flood problems, including floods down valleys and along the vale. Controlling water through some sort of flood management scheme can lead to a hydro electric solution, and we can consider that as part of our overall environmental policies.

In Stroud, for example, I can see opportunities where introducing hydro schemes would also help flood problems by harnessing water halfway up a valley rather than allowing it to flood at the bottom. In fact, I am hoping to speak to the Minister shortly on this very subject, because he has been to Stroud and looked at a typical mill pond with all the characteristics one would need, first, for flood management and, secondly, for electricity production through a hydro scheme. I hope that will be developed in some detail. There are plenty of opportunities for that elsewhere in the country. Stroud has more than 200 old mills, but there are more than 20,000 across England, all of which, to some extent, could play a role in hydro generation. We need to bear that in mind.

Gregory Barker: May I assure my hon. Friend that although I visited his constituency while we were in opposition, I well remember the visit and was extremely impressed with that micro hydro installation? There is plenty of scope for increasing the role of microgeneration technology in particular. He is absolutely right that it plays a dual role in generating electricity and in flood abatement, and I can assure him that the Department is looking with fresh eyes at this issue.

Neil Carmichael: I thank the Minister very much. That is more than worth the time I waited to make this speech.

I want to expand my argument. Small households can also have micro schemes, which I would like to see and which we can enable. This country has so many waterways open to that very small potential scheme. However, there are things to be aware of, one of which is the Environment Agency's responsibility for managing waterways. It has functions connected with, for example, fish management. Fish and hydro schemes do not, of course, necessarily go together, because as somebody pointed out to me the other day, a hydro scheme is a very good fish masher. So we need to find ways of protecting fish and allowing them to flourish rather than simply putting them through a masher. However, the Environment Agency also needs to be encouraged to note the advantages of flood management and hydro power when considering its overall responsibilities for waterways.

When I went last week to an npower-sponsored event encouraging universities to think about new technology, particularly energy technology, I noticed just how imaginative students can be. Two universities won. Bristol university came up effectively with a mobile telephone tariff system for energy supply, which is well worth considering and expanding. I am hoping to talk to the university in more detail about its scheme, because I think it could be quite useful. The university of Birmingham came up with a scheme for hydro power and made it clear that it is not so much the flow that matters as the amount of water available. It did some interesting mathematical calculations to make that point. Again, I want to take that up in more detail. In essence, we need to liberalise the energy market, particularly in small-scale areas, and hydropower can, and will, play a significant role.

[Neil Carmichael]

My second point is about nuclear power. The hon. Member for Brent North (Barry Gardiner) talked about nuclear power and commented on the Liberal Democrats' position on it compared with our own. I am keen on nuclear power because I recognise that it is obviously the provider of a base load. We have to understand that a significant amount of energy will always be used at any time, and the kind of facilities needed to produce that will include a nuclear power station.

Valéry Giscard d'Estaing, the President of France from 1974 to 1981, tackled energy pressures in France quite well, by recognising that France should not be dependent on oil, but instead move over to nuclear power. Today, more than 80% of French energy is produced by nuclear power, with the rest produced by renewables; and anyone who drives down as a holidaymaker, as I often do, can see quite a lot of renewables.

Damian Collins (Folkestone and Hythe) (Con): My hon. Friend is making some important points about nuclear power. Does he agree that sensible planning for the future needs of nuclear power and the amount of base load energy that we might require from nuclear energy is important? It would be sensible to advance with as many viable sites as possible, in order that we can get as much new nuclear on stream as soon as possible, so does he also agree that Dungeness power station in my constituency should be considered as an additional site for the new build programme?

Neil Carmichael: I concur with everything that my hon. Friend has said. We need to plan ahead and recognise that even if we start building a new power station tomorrow, we would still be getting less electricity from nuclear power for some time to come because of the decommissioning process, so we need to take action and get on with it. However, there are some key points to be made, and one of them must be this: nuclear power has to be cost-effective. It is important that we recognise that. The second most important thing—this is especially important for me, as I have a nuclear power station in my constituency that is being decommissioned—is that the cost of the clean-up must be included in the cost of the overall nuclear bill. We cannot go on mopping up afterwards. We have to be sure that the cost of building and running a nuclear power station includes the cost of clean-up.

Thomas Docherty: I used to work at Berkeley power station a few years ago, so I am familiar with it, and I can assure the hon. Gentleman of the deep affection in which nuclear power is held in his constituency, as I am sure he knows. One thing that would perhaps concern me about the coalition's plans for cuts is the effect on the Nuclear Decommissioning Authority. One point that I hope he will be raising with the Minister is that when the NDA's budget is set for the next five to 10 years, the important thing will be getting the right decommissioning strategy, not keeping his right hon. Friend the Chancellor of the Exchequer happy.

Neil Carmichael: I certainly recognise the public expenditure pressures on the decommissioning costs at Berkeley, because I was there when a reduction was made in the spending round towards the tail-end of the previous Government, so I tend to agree with what the hon. Gentleman has said. I am pleased that he was at Berkeley and I hope that he enjoyed it there. It is in a beautiful part of my constituency, notwithstanding the fact that the power station is still there in its concrete form. The rest of the area is absolutely beautiful, and it is a perfectly safe place to be. I have been there several times myself, so if the hon. Gentleman still has any friends there, I will pass on his greetings.

That is what I wanted to say about nuclear power—that it has to be cost-effective and include the cost of clean-up—but I agree that we need a plan to ensure that we know where the next power stations are going to be.

Ms Bagshawe: My hon. Friend is making some excellent points about nuclear power. Does he agree that in order to advance the programme, we need to take local people with us? Does he also agree that his constituency and those of my hon. Friends the Members for Folkestone and Hythe (Damian Collins) and for Suffolk Coastal (Dr Coffey) are perfect examples of where local people are welcoming and embracing nuclear power, which is what we need to bring forward?

Neil Carmichael: We certainly do need to have localism in our planning system. It is great that this Government are so determined to ensure that local people have a proper say in all aspects of planning—certainly in housing, and also in infrastructure and energy—and quite right too. The answer to a lot of these issues is to incentivise local communities to take up the things that are not only necessary in our national interest but able to reflect their concerns. It is quite right that our people are keener than one might imagine on building nuclear power. I am from the north-east, so I know a little bit about Windscale—it is Sellafield now; I am quite old. There is support in those places, so I agree with my hon. Friend.

I want to say a few words about transport, as public transport in particular was mentioned earlier. The key thing is that we need to consider electric cars more than we have in the past. We need to recognise that they are a reality and that we can develop the technology in ways that would impress someone like Jeremy Clarkson. The brutal fact is that the electric car will in the long run be a reliable thing to get about in for long journeys, and the charging of those cars might well turn out to be easier than we first imagined.

I am delighted to say that my constituency has a manufacturer—Himag—producing transformers no bigger than a fist that can propel a Hummer vehicle. If anyone knows anything about a Hummer vehicle, they will know that it is large and heavy. That sort of technology is already out and about, and some large car manufacturers—Renault is one example, I believe—are already preparing to launch a range of models that would suit families or individuals quite well. I believe that those cars will be on the market in two or three years' time. We should celebrate and encourage that sort of technology.

Trains are also really important. I use the train all the time. From Stroud, it has to be diesel because we do not have electrified lines, but we need to think more about that. We also need to think about getting more trains on the track, as we now have the technology that allows that to happen. We should invest in that technology so that we can produce the train that takes people to where they need to be and thus increase traffic flow.

I was impressed by the excellent speech of my hon. Friend the Member for Wells (Tessa Munt), who talked about pylons. She is quite right that pylons crossing the landscape are not particularly attractive, but I would end on this important point about electricity supply. There are people living in Amberley who would just love to have a reliable electricity supply; they are waiting for underground cables to be put in, so that a proper electricity supply can get to all parts of the area. It is important to realise that there are ways of doing these things and also that local communities, such as Littleworth in Amberley, have needs.

In summary, I think that liberalising the market is the key. Having confidence in technology is also essential, as is being willing to take those technologies forward by incentivising local communities and individuals to grasp the opportunities before them. Those are the ways in which we can, first, secure our energy supply and, secondly, make sure that that supply is good for our environment and good for the communities that use the energy.

4.38 pm

Dr Alan Whitehead (Southampton, Test) (Lab): I have detected that in recent contributions we seem to be falling into something of a nuclear idyll, so I want to try to pour a little cooling water, shall we say, on that particular idyll. We need to recognise that nuclear power and its consequences—irrespective of whether they are loved by local citizens or built in the Corby constituency—are some way away. There will in all probability be no nuclear power coming on stream until the early 2020s. If and when it comes on stream, assuming that new nuclear power stations are built at no public expense, they will be relatively small in output over the early years.

This emphasises that nuclear power is not coming over the hill tomorrow to save us all as far as low-carbon energy is concerned. The targets on carbon emissions reduction and, indeed, the replacement of something like 40% of our generation and transmission capacity by the early 2020s will have to be achieved without nuclear power by means relating to renewable energy, the building of conventional power plants—I trust with carbon capture technology—and, of course, a very substantial step forward in energy efficiency.

Thomas Docherty: My hon. Friend has not mentioned the issue of life extensions to existing nuclear power stations such as Hunterston B and Torness, which would certainly take us through the gap period.

Dr Whitehead: My hon. Friend raises the interesting point of the possible life expectancy of nuclear power plants. I recognise that there is something of a dilemma in respect of old and new nuclear power stations and predictions of extensions, and that there are issues such as core cracking and whether extensions can be safely undertaken. He makes a fair point, however, that some extensions might be undertaken to bridge the gap. The key point, however, is that one of the best ways to ensure our energy supplies are secure over the coming period and that the generation meets the demand is to ensure that there is less demand for energy, and that the energy we do use is used much more efficiently.

Mark Tami: I agree with my hon. Friend that even if we start building nuclear power stations now, there will be a 10-year period before they really start to have an impact, but unless we take that decision now we will face an even greater gap in future, which we will have to fill by some other means. Just putting that decision off until tomorrow will make the matter worse in future.

Dr Whitehead: My hon. Friend is tempting me into an entirely different debate, in which there are very interesting considerations relating not least to a new report on the renewable valuation around our coasts and on our land and how we might be able to use those renewables for our long-term, as well as our shorter-term, future energy supply. I suspect, however, that if I were to address that topic, you might suggest that I have strayed rather far from the issues we are debating today, on which I do want to concentrate, Mr. Deputy Speaker.

Energy efficiency is a crucial component of our future energy landscape. I am pleased that the energy efficiency ambitions that the new Government have set out continue those proposed, and acted upon, by the previous Government. I recognise that the new ministerial team has strong personal commitments to these issues, and therefore energy efficiency has a bright start in terms of ambition and of understanding that this area is crucial. After all, 40% of our energy is consumed in buildings and that represents 40% of our carbon emissions. About 80% of household energy goes on heating our homes and water, and that alone represents some 13% of the UK's greenhouse gas emissions. Therefore, getting a serious grip on energy efficiency in our homes and commercial and industrial buildings offers potentially enormous, and relatively early, rewards in respect of our overall position on carbon emissions and energy consumption.

However, we as a country face this situation from a poor position historically. It is true that the previous Government made enormous strides in improving energy efficiency, particularly of public sector homes, and homes provided by registered social landlords. The Committee on Climate Change report that was published today conspicuously states that its indicators for activity on loft insulation, cavity wall insulation and energy efficiency in homes were met during the last year of the previous Labour Government. Considerable progress has been made, but our private sector homes remain energy-inefficient. The average standard assessment procedure rating in private sector homes is 49, which is a long way from level that we ought to aim for if we are to have a reasonable expectation that homes will be relatively energy-efficient and will have a low output of waste and energy emissions as far as the activities of the people who live in them are concerned.

We can all agree that this House has substantial energy-efficiency ambitions, that there is urgent action to be undertaken and that a number of programmes are in process and a number of ambitious new programmes, some of which we have heard about this afternoon, could get under way to address those issues. We need to examine whether the ambitions are being met, whether we have the ability to make those changes in practice and whether other things might be done to ensure that the ambitions are realised.

As a small indicator of the difference between ambitions and realisation I shall discuss the new part L of the building regulations, which were published recently. I had anticipated that it would contain new guidelines on the energy efficiency of circulation pumps in central

[Dr Whitehead]

heating. If, as was suggested during consultation by the previous Government, the regulations had mandated new and very energy-efficient circulation pumps, we could have saved as much as 2% of the electricity consumption in households—that could have been done by that measure alone. However, the new regulations state that it is perfectly okay to have circulation pumps that are A to G rated, not the A to C rated that had been anticipated. That shows an immediate difference between ambition and practice. I sincerely hope that the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), who has been inviting various other people to come to see him about various issues, will invite me in the very near future to a round-table meeting on circulation pumps and why they should be more energy-efficient. I am sure that he will find time in his busy diary to have a substantial round-table meeting on that pressing issue. I cite that issue as a small example to show that one needs to keep one's eye closely on the difference between the reality of achievement and the ambition that one has when one puts forward new plans.

The plan that has been the centrepiece of this afternoon's discussion is the green deal. I feel like someone who is being told that a great new concerto is coming out, that it is about to be performed and that when people turn up to the concert hall they will find that it is terrific, but who has not been told whether it is by Mozart or Salieri. I presume that when we get to the concert hall we will find out whether the green deal is as good as we are led to believe. On the surface, a green deal that takes away the idea of an up-front loan and places the onus on the long-term consequences of the bills of those household consumers, their descendants or the next people who come along to the house appears to represent a positive way forward. We must recognise that that has limitations. Just as the pay-as-you-save scheme implemented by the previous Government had its limitations, this green deal also has potential substantial limitations.

Gregory Barker: This is a very important point. The hon. Gentleman is absolutely right. We do not for a minute expect the green deal to be able to cover the whole gamut of energy-efficiency installations. I think I said in my opening speech that there will be hard-to-treat properties and that some of the most vulnerable fuel-poor will not be covered sufficiently by the green deal pay-as-you-save model. That is where we will look to restructure completely and focus even more the ongoing long-term energy supplier obligation.

Dr Whitehead: I thank the Minister for that clarification. He anticipates, to a little extent, some of the things that I was going to say about the consequences of the green deal and the issues that surround it, such as the problems of hard-to-treat homes, which we need to take seriously if we are to make progress as far as energy efficiency is concerned.

Let us be clear: the green deal will concern itself primarily with owner-occupied houses in the private sector where there is a deal on hand. I stand to be corrected, but it seems to me that there is substantial work to be done as far as the social housing sector, the public housing sector and, indeed, hard-to-treat properties are concerned.

Gregory Barker: The beauty of the green deal as conceived and as we intend to implement it is that it applies to all sectors of housing. It is most applicable to the area that has been hardest to treat and in which there has been least progress in the past—that is, the private rented sector. It will finally cut through that Gordian knot as landlords will not have to pay the up-front costs for benefits that will accrue to their tenants. There will now be a real incentive and no financial disincentive for landlords to upgrade their properties and increase the quality of life of their tenants while decreasing their energy bills. That will be a real bonus.

Dr Whitehead: Again, I thank the Minister for that clarification. The beauty of the concert that we are about to hear is being talked up again. However, the questions of hard-to-treat properties, rented properties, landlords and partnerships are all issues that we must consider very carefully in deciding how the green deal and other elements will work best together as far as energy efficiency is concerned.

We have heard mention this afternoon, for example, of the partnership between local authorities, third sector organisations and consumers in the comprehensive redevelopment of energy-efficiency retrofitting of homes. We have heard about the very good example of Kirklees borough council. Interestingly, the example of Kirklees was based on the injection by Kirklees of £10 million into the process in partnership with other local authorities.

In that context, thinking, among other things, about the debate that we had in this House yesterday on local government financing and local government cuts, I ask a question of myself. As a result of the cuts being handed out to local authorities, will there be local authorities that have £10 million to invest in future partnership arrangements? That will be very important in getting progress on the future arrangements represented at present by the community energy saving programme as far as whole-area developments in local authority areas are concerned. Will the enfeeblement of local authorities' ability to undertake such new initiatives be such that we will have eliminated one of the partners in that process in the not-too-distant future?

I have a small point to make regarding landlords. The changes in housing benefit that are coming about might cause landlords at least to question whether to invest in their properties given the return that they might get in rent, so there are side effects, in relation to other policy decisions, that might have an impact on ambitions for the green deal.

One important issue that I have mentioned is whether the green deal simply includes passive insulation and energy-efficiency measures such as loft insulation and cavity wall insulation. Does it go beyond that to include householders' ability to generate their own energy and therefore to operate much more efficiently in terms of net emissions? In the code for sustainable homes, the target for 2016, in terms of new build housing, will include accession to a level 6 arrangement, but that could not be adhered to without some form of microgeneration power production being built into those homes when the zero-carbon target is agreed.

The Minister is right to say that we should not substitute microgeneration for energy-efficiency measures, as they are consequent on each other. However, in a real

programme for developing energy efficiency in homes over the medium term, microgeneration has to be seen as very important within any efficiency drive in those homes. If we simply eliminate microgeneration from the process, we will put back for a considerable time the possibility of microgeneration following on from those energy-efficiency arrangements.

It was interesting to see nothing in the Budget for Warm Front. I assume that, in the vision put forward by the Government, it will effectively be subsumed into the green deal because it apparently has very wide effects. If Warm Front is simply collapsed within a few years' time, the works that have been undertaken under Warm Front, which include the possibility of putting microgeneration devices into homes, will be lost and a group of hard-to-reach consumers who might not be particularly advantaged by the green deal will also be lost in the process.

Gregory Barker: On Warm Front, let me assure the hon. Gentleman that more than £300 million is available for a programme of work through this year and the winter to March 2011. That stands, and no long-term decisions have yet been made about Warm Front. As I have said, we recognise that there will always be a need for special arrangements for the most vulnerable people and hard-to-treat homes, and that we cannot just depend on pay-as-you-save schemes. Obviously, Warm Front will be subject to the comprehensive spending review this autumn, as all other Government programmes will be.

Dr Whitehead: I thank the Minister for that further clarification, but his comments support my feeling that there is no clear understanding of what will happen to Warm Front after the current period of investment in that programme expires. Similarly—this relates particularly to my points about the need to include microgeneration in the aim of improving general household energy efficiency over the medium to long term—there seems to have been no clarification regarding the future of the renewable heat incentive. If, for whatever reason, the renewable heat incentive is abandoned—a process that I suspect is under way at the moment—the ability of homes to install equipment vital for long-term energy efficiency, such as solar thermal devices, or ground source or air source heat pumps, will be severely undermined.

The Minister has said that households that enter a deal, whether it is loan-based or part of a pay-as-you-save arrangement, will have to pay the money back when the investment period comes to an end. The RHI is therefore absolutely essential, and I fear for the sector's future if it is abandoned or undermined.

Gregory Barker: I am not in a position to make a statement about the RHI today, but I can assure the hon. Gentleman that we are committed to an ambitious renewable heat agenda. We hope to make an announcement as soon as possible.

Dr Whitehead: I thank the Minister for that intervention, and for promoting me to the Privy Council. I look forward to that announcement, and I sincerely hope that my concerns about the RHI are misplaced. It is essential that the initiative goes ahead next year, so that it can underpin the revolution that is taking place in the development of microgenerated heat.

The Minister also said that it will cost something like £10,000, at the very least, to treat each hard-to-treat property. Inevitably, therefore, such properties, whatever they are like, will be outside the green new deal. It is essential that programmes are brought in alongside the green deal at an early stage, to ensure that the 6 to 7 million homes in the hard-to-treat category get the energy-efficiency uprating that they need.

The other point that I want to emphasise is that energy efficiency is not just about conserving the energy that we use in domestic properties. We have heard already this afternoon about the great gains that can be made by increasing energy efficiency in commercial and industrial properties, but we also have to look at the enormously inefficient way that we produce our energy at the moment. By the time that a single kilowatt comes out of a conventional electricity power station, 55% cent. of the energy in the fuel used to produce it has been lost. A further 15% of the energy in the original source is lost in transmission, and a further 10% is lost through the inefficiency of household equipment. In a very real sense, therefore, the so-called "10% light bulb" is real, and that is because, by the time we switch a light on, we have squandered 90% of the energy that we could have used to power the bulb.

For that reason, arrangements such as district heating and combined heat and power are absolutely vital if we are to make progress in using energy in the best way that we can. There is a huge capacity for CHP district heating schemes in UK cities. For example, Aberdeen Heat & Power Ltd has shown how that can be done, and similar results can be seen in Southampton and Birmingham. We need to take the role of CHP very seriously, either at the micro level—my hon. Friend the Member for Sheffield, Heeley (Meg Munn) spoke about that earlier in connection with home energy improvements—or through district heating schemes. Finally, industrial companies that have their own heat networks can have their existing boilers replaced with CHP plants. Such commercial schemes can result in enormous gains in energy efficiency. Local authorities were given powers and resources to develop district heating schemes in the paper on home heating and energy supplies put forward by the previous Government. It would be encouraging if the powers envisaged under that programme were preserved and enhanced by this new Government.

We should not neglect the role that energy efficiency plays in combating fuel poverty. If all homes had a standard assessment procedure rating of, say, above 65, it is unlikely that much fuel poverty would exist in this country, simply because it would be difficult for households to spend more than 10% of their income on fuel. It is predicted that the target of eradicating fuel poverty under the terms of the Warm Homes and Energy Conservation Act 2000 will be missed by a large margin, and the main reason for that is that as fuel prices rise, more people are placed in fuel poverty. As we have already discussed this afternoon, enormous rises in fuel costs have blown off course some very creditable efforts to combat fuel poverty, not least efforts that target the homes of the fuel-poor to make them more energy-efficient.

For every 1% rise in fuel prices, 40,000 people are placed in fuel poverty, so we need to be aware of the obligations being placed on energy companies and the

[Dr Whitehead]

effect that they have on additional prices. If, as a result of the green deal and other new arrangements, we place additional obligations on energy companies and they pass on the effects of those obligations to their customers, we will find not only price rises but many more people going into fuel poverty as those new schemes unfold. There are already obligations on energy companies relating to carbon capture and storage, the carbon emissions reduction target, the community energy saving programme, and the smart meter roll-out. I imagine that the acceleration of that roll-out, which was recently announced by the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry), will place additional obligations on companies, as they will have to underwrite that roll-out.

Either those additional obligations should be underwritten with public money to limit their effect on fuel prices, or energy companies need to be prevented from passing on the effect of the obligation to the customer. In that context, we need to look at the role of Ofgem. Should it be translated into a champion of escape from fuel poverty and an agent of a rapid rise in energy efficiency, or should it simply pass on the price of those changes to customers? That is worth examination.

I applaud the idea that we need to move rapidly on energy efficiency. If the green deal is as good as its proponents suggest, I will applaud it taking forward from the previous Government ways to build energy efficiency into how households work. However, we need to look at the detail very carefully to ensure that, this time, we get it absolutely right, because we have only a very short time in which to do so.

5.8 pm

Mr Tobias Ellwood (Bournemouth East) (Con): "Vote blue, go green" was one of our lasting slogans from the general election, so I welcome the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry), to his Front-Bench position. I am pleased that we are having a debate on energy efficiency so early in the calendar, as the subject is so important in this day and age.

Before I go any further, I congratulate my hon. Friends, including my hon. Friend the Member for South Ribble (Lorraine Fullbrook), on their astounding maiden speeches. My hon. Friend, and close friend, the Member for South Dorset (Richard Drax), spoke passionately about the beauty of Dorset. As we in Bournemouth are sort of part of Dorset, although we have a unitary authority, I fully concur with him on that, and I wish him well in hosting the Olympics events that are to be held in that neck of the woods. I also pay tribute to the hon. Member for Wells (Tessa Munt), who spoke passionately about her constituency. She represents the Liberal Democrats, and ousted our good friend David Heathcoat-Amory. It is sad to see him go, but I must welcome her, because we are now all friends in this coalition.

As we are the custodians of the environment, such debates are important. We would like to think that the speeches that we make here will stand the test of time, but in fact, although it is horrible to think it, they may be forgotten in the long term. What will not be forgotten are the actions that we take to protect the environment for future generations. That is why I am pleased to participate in the debate.

When we look at what is happening in the Gulf of Mexico, we can see how fragile our environment is. If we do not take care of it we ruin it, not only for our own generation but for future generations, and they will not thank us.

Thomas Docherty: The hon. Gentleman mentions the Gulf of Mexico. Does he accept that when the Government talk about cutting regulation, that is exactly the type of disaster that could come about, and must not be allowed to happen?

Mr Ellwood: The hon. Gentleman makes his point, but there is a distinction between the regulations that are expected to be adhered to during drilling in deep sea conditions using state of the art technology, and the bureaucracy and red tape that has stifled British business and which is quite separate from the safety regulations out at sea.

I had the pleasure of growing up in a number of countries, but mostly in Vienna, in Austria. It was interesting that in the 1980s measures such as insulation for new buildings, double glazing, and recycling using different wheelie bins were the norm there, yet it was only three years ago that such things were introduced in Bournemouth and the rest of the country, when our local authorities began to recognise the importance of recycling, energy-saving and looking after our environment. As a nation, we are catching up with countries in Europe late in the day. That is why it is so critical for us to move forward on energy efficiency.

To me, the three principal elements of energy efficiency are how we supply and store energy, how efficiently we use that energy, and the lifestyle choices that we make by shifting away from energy-dependent activities—for example, how we use energy for heating, transport and electricity. I welcome some of the initiatives proposed in the coalition document, such as the establishment of a smart grid and the roll-out of smart meters.

It seems wrong that as we have looked to provide more efficient ways of charging for electricity, the people who have been punished most are the very poor, because of the charging systems and the meter systems, which have taken so long to provide them with the same benefits and deals that were available online to those of us who were able to use credit cards and standing orders.

I welcome the establishment of feed-in tariff systems for electricity. It makes sense that those who generate their own electricity can pump back any surplus electricity into the national grid and be paid for it. The creation of a green investment bank and home energy improvements paid for with the savings from lower energy bills provide an incentive to change attitudes and lifestyles.

I also welcome measures to encourage marine energy. I recently visited Felixstowe and saw some of the initiatives taken there and in other parts of Britain. It is sad that with one of the longest shorelines in the world, we have still failed to harness marine capability. We are starting to do that, placing wind turbines at sea. As a note specifically to Bournemouth, I visited Blackpool not long ago—

Mark Tami: Will the hon. Gentleman give way?

Mr Ellwood: After I have made the point. I visited Blackpool recently and saw the wind turbines out at sea. I asked whether there was any anger or concern about them as the planning applications were going through. Yes of course there were, at that point. But was anybody complaining about them now? Not at all. The message that I would give to the people in and around Bournemouth and Dorset is: please accept the proposals for our area. The turbines will not disturb the view as much as people think. If they are concerned about that, they should pop up to Blackpool and see what is going on there. The turbines can hardly be seen in the distance.

The hon. Member for Alyn and Deeside (Mark Tami) is bobbing up and down in his seat. I cannot but give way to him.

Mark Tami: I agree with the hon. Gentleman. Will he speak to some in his own party in north Wales who not only actively campaigned against offshore wind turbines, but are still campaigning against them? Perhaps they have just not got the message that he clearly has.

Mr Ellwood: That is all the more reason to make passionate speeches to ensure that everyone in Britain understands and grasps the importance of harnessing this free energy.

I was saddened to see the outcome of the Amsterdam talks on climate change. I hoped that with the election of President Obama, the United States would show more involved leadership in this area. I certainly hope that in November in Cancun we will see a more convincing legal binding agreement, which will encourage countries to take climate change more seriously.

The issue of supply and storage came up when we debated carbon capture and storage during our consideration of the Energy Act 2010, on which the right hon. Member for Lewisham, Deptford (Joan Ruddock) was the lead Minister. I was concerned last winter, as many in Britain were, at how close the lights came to going out. We must never again reach the position where we could run out of energy in a matter of days.

Joan Ruddock *indicated dissent.*

Mr Ellwood: I knew that that would provoke a response from the hon. Lady. We had about six days' supply left, and if the supply chain had failed, lights would have gone out. Instructions had gone out to businesses to alert them to the fact that their contract meant that their energy supply would be cut.

Joan Ruddock *rose—*

Mr Ellwood: I thought that that would prompt a reaction.

Joan Ruddock: I am sorry that the hon. Gentleman has had to provoke me. The fact is that the companies that were given the notices had entered into interruptible contracts, for which the price is lower because they are asked at times to lower their consumption of electricity. That is a reasonable thing to do. They chose to have the contracts. No one forced those contracts on them, and at no time were we in danger of the lights going out.

Mr Ellwood: I am having flashbacks here. I recall the hon. Lady making the same point during the debate. The point is that I never want to be in that position again, and to see contracts being threatened in this way. She may argue that those were the contracts that had been signed, but we as a nation do not want to be in a position whereby any business is threatened in that way.

The more immediate problem has been the fact that we are now a net importer of oil, gas and coal. The Government spent 13 years watching the dials on all those sources go down towards empty.

Thomas Docherty: I am grateful to the hon. Gentleman for a second bite of the cherry. He mentions that we now import coal. Perhaps he has forgotten who it was who closed all the coal mines in our country.

Mr Ellwood: Then we have to ask whether we are a charity to keep the unions going, or are we—*[Interruption.]* Opposition Members chortle; no doubt they are all signed-up members of some union that makes sure that they look after their comrades. The point is that the coal mines were inefficient. We could not keep them open. Today's debate is about energy efficiency—having efficient means of getting energy. Using those coal mines when they were running out was inefficient, which is why they were closed. My point today is that one third of our coal is imported from Russia, of all places. That is not a secure place to import from, and it is certainly not clean coal.

Damian Collins: My hon. Friend makes the point that sources of energy change. Some sources become exhausted, be they coal, or oil and gas from the North sea. Does he share my concern that the previous Government waited far too long to consider serious investment and planning for new forms of power generation, and that we should have made preparations for those a decade ago?

Mr Ellwood: My hon. Friend is absolutely right. The Labour party is now in denial on this front. I will probably provoke another reaction, but to return to the coal point—yes, the coal mines were inefficient, but there are now more efficient ways of extracting coal, so some coal mines are being reopened because it is now economically viable to produce the coal.

Chris Williamson: Would the hon. Gentleman care to comment on the fact that while his predecessors were smashing the mining industry, the National Union of Mineworkers pointed out that we had more than 300 years of coal reserves under the ground, and were arguing for the very clean-coal technology that the hon. Gentleman now seems to be espousing?

Mr Ellwood: Those mining strikes, which almost brought Britain to a halt, took place when I was in shorts at school, so I cannot be blamed for that. I agree that we want clean efficient methods, and that is why we did not vote against the Bill on clean coal technology. It fell short, because the provisions on carbon capture and storage should have included gas, but that was ignored.

Chris Williamson *rose—*

Mr Ellwood: Let us have somebody else.

Mark Tami: I thank the hon. Gentleman for giving way. Does he not accept that gas and coal are imported because the market says that that is cheaper? Unless he is prepared to accept that there are times when we have to intervene in the market to stabilise things and give industry and energy sources in this country a chance, he will never alter the situation, particularly in the short term.

Mr Ellwood: I do not disagree. My point is about the efficiency and security of supply, and not until very late in Labour's tenure did they work out, "My gosh, we need to get some interconnectors here that actually work, so that we aren't reliant on just one." That is what led to the danger of our running out of gas supplies. I understand that the Government are now looking at security of supply, and at long-term contracts that will negate the problems that we faced last winter, when we came very close to some of the lights being switched off. Carbon capture and storage is important, and I am still upset that we did not have a chance to amend that Bill. We tabled amendments to include gas as well as coal.

The previous Government oversaw the demise of another area, our fleet of nuclear power stations—again, until our energy supply was threatened. It took 20 years to get a spark out of Dungeness; we cannot build those things overnight. Therefore, if we are to plan for the future, we cannot live in denial: we cannot live without nuclear power. My hon. Friend the Member for Stroud (Neil Carmichael) spoke passionately about the importance of nuclear power, and although it is an asset that none of us likes, we are forced into that position simply because of the absence of other sources of power.

Caroline Lucas: The hon. Gentleman makes a statement in favour of nuclear power, but it is not based on the facts. Climate change scientists tell us that we need to get our emissions down within the next 10 years if we are to have any chance of avoiding the worst of climate change. The hon. Gentleman just mentioned the time that it takes to get nuclear generation up and running, and that means that we are now outside the critical investment time frame, and there is a real danger that if we put the money into nuclear power we will not put it into energy efficiency, renewable energies or decentralised energy, all of which have a much better chance than nuclear power has of reducing our emissions.

Mr Ellwood: I actually agree with the hon. Lady, whom I very much welcome to the Chamber. She will add an awful lot to these, and indeed other, debates. The Labour Government left nuclear power very late, but what she said does not mean that we should not build nuclear power stations. I guess that she is not in favour of nuclear power, and I am reluctant, too, but she might agree that we should invest in and study nuclear fusion, rather than nuclear fission, because nuclear fusion is the utopia that we have been looking for. Everyone says, "Oh, it will happen 25 years from now," but they were saying that 25 years ago. If we fully grasped that technology, we would not need the nasty side of nuclear fission, which leaves all the radioactive mess for future generations. Nuclear fusion is very much the way forward.

Nia Griffith: Will the hon. Gentleman please list all the investment in power stations between 1979 and 1997? He will find that his list is extremely short.

Mr Ellwood: Where do we go with that? Do we continue going back in time and blaming previous Governments? In the first debate on the Budget a week ago, I heard Members say that Maggie Thatcher was responsible for everything. How many generations do we want to go back? We are where are today, and I am concerned that when it comes to looking after our energy needs, we have had 10 years almost in abeyance, so I seek guidance from the Government to ensure that we will never be in this position again.

Damian Collins: In his earlier remarks about nuclear power, my hon. Friend was kind enough to mention Dungeness power station, which is in my constituency. On the points made by the hon. Member for Brighton, Pavilion (Caroline Lucas), I should say that the site could be brought online quickly—before 2020, it is believed. The current power station was opened under the last Conservative Government. Does my hon. Friend agree that such is the urgency and national priority that one of the great considerations for new nuclear power should be the location of sites in strategic areas of energy need and the speed with which they can be developed?

Mr Ellwood: My hon. Friend makes a powerful argument. The people best educated about these issues are those with nuclear power stations in their constituencies. They already understand what is going on; they realise the benefits and what safety mechanisms are in place, and would embrace further such technology.

Other forms of technology can be built much faster—they are almost "off the shelf". The Canadians are using the CANDU systems, which are very simple and probably have the safest record in the world. They would be easy to build. The trouble in the UK is the planning process, which takes so long before the first bolt can be put in or concrete floor laid down. I am glad that one point of the coalition agreement has been to expedite the planning process to make sure that, yes, we take on board consultation and views, but that once the decision is made, we get on with it.

Mark Tami: The Secretary of State for Energy and Climate Change seems totally opposed to nuclear power and has said so on a number of occasions. Is he the suitable person to drive this change through?

Mr Ellwood: That—that is—*[Laughter.]* That is a moot point, but it is on the record.

I am trying to get on to the issue of nuclear fusion versus nuclear fission, and I am sure that the Secretary of State would agree with the position on that.

Caroline Lucas: Will the hon. Gentleman give way?

Mr Ellwood: I cannot resist.

Caroline Lucas: I cannot resist either. I have two points to make. First, Dungeness is built on a floodplain; it is a bit short-sighted to put lots of nuclear power in the middle of a floodplain, given climate change.

Secondly, if we are still to hold out this great hope that some new nuclear technology will come along, that, again, will mean that resources and research will go into that instead of into the tried and tested technologies

that we know will work. We have been talking about energy efficiency. If we rolled out a free programme of energy efficiency to every household in the country, that would create hundreds of thousands of jobs and get us out of recession. It would also get our emissions down much more quickly and cheaply than going down the nuclear route.

Mr Ellwood: The hon. Lady is new to the House and I do not wish to be disparaging about what she has just said. But she seems to be saying that the issue is either/or, black or white. I am saying that it is not like that, and that we must invest extra research on an international basis. Work is being done, including in the United States, but it is not enough.

The hon. Lady is absolutely right that we must push for more efficiencies—in fact, that is what half today's debate is about. How can the home be made more efficient? How can we reduce our emissions and the amount of energy that we use? All those things are important. Is she suggesting that we should park any further advances or research on the idea of nuclear fusion? That is absolutely wrong.

Caroline Lucas: I am grateful to the hon. Gentleman for giving way; I appreciate that he is trying to make progress.

I am saying, very realistically, that there is a finite pot of money, which is even smaller as a result of the cuts that the hon. Gentleman's Government are about to make. The idea that that money can be put everywhere at the same time comes from cloud cuckoo land. We need to decide where the money can be best and most effectively spent; scattering it around the place is not the answer. If we were to implement a major programme of energy efficiency, including renewable and decentralised energy, that would be tried and tested and offer a much better bang for the buck than investing in the chance that we might some day come across a nuclear technology that is safer than what we have now.

Mr Ellwood: On that I stop agreeing with the hon. Lady. We are not talking about a technology that may or may not work. We know that it can work; it is a matter of harnessing it. Experiments have already been done. To park the issue, or put it on the back burner—that is probably the wrong phrase—would be wrong. If we can harness the technology we can roll it out, not only in Britain but in other countries, particularly developing countries that are thinking of using nuclear fission. We could say to Iran, "Here is nuclear fusion." An atomic bomb cannot be made out of a nuclear fusion reactor. This therefore makes sense in the long term, and generations will thank us for it. Given the position we are in, I am afraid that we cannot survive over the next 20 years without investing, reluctantly though it will be, in nuclear power. I think that there is agreement on that in all parts of the House.

Let me spend a few moments explaining why nuclear fusion is so important and useful. It is the fusion of hydrogen atoms to form helium, and an awful lot of energy. It is a safe process whereby there are no nasty by-products. Of course, hydrogen is found in water, so fusion power is a potentially limitless source of energy. In fact, it is recognised that in 100 years' time nuclear fission will be in the past, and everything will be powered by nuclear fusion. That may sound scatty, too advanced or too romantic, but it is the case. However, I am afraid that we will slow down that harnessing of power unless we are able to ensure that we join with other countries to guarantee that money is not wasted or taken away to be spent on other important related products, as the hon. Member for Brighton, Pavilion (Caroline Lucas) passionately said.

The main focus of my speech is not nuclear fusion or carbon capture and storage, but the subject of my intervention at the beginning of the debate. It is about a very simple way of reducing carbon emissions, saving the Government money, and creating a feel-good factor—that is, moving our clocks one hour forward.

Thomas Docherty *rose—*

Mr Ellwood: If the hon. Gentleman could hold on for a second and let me make a bit of progress, I will be delighted to give way. I have not even begun the argument yet—I have only announced the subject matter—and he is already having a pop.

Let me take hon. Members back to last March and how people felt on the day before the clocks changed and on the day after. There is a natural feel-good factor for people when that lighter evening comes in, but it goes beyond that: there is also a financial benefit and an effect on the environment. Electricity prices would go down because we would be naturally aligning the time spent at our workplace during the day with the time when the sun, the last form of free energy, is in the sky. There is a natural recognition of how we could better use that time. When the sun is in the sky and we are all in bed, that is wasted energy.

Before I make further progress, I will give way to the hon. Member for Dunfermline and West Fife (Thomas Docherty), as I promised.

Thomas Docherty: Let me gently point out to the hon. Gentleman that slightly north of Bournemouth there is great opposition to the idea of changing the clock. In Scotland and elsewhere, there are serious and genuine safety concerns about what that would mean. His own colleagues in Government have made it absolutely clear that they will not support that proposal for that very reason.

Mr Ellwood: I do not agree with the hon. Gentleman's final point, as I spent much of last year doing a study on this very subject. The point he raises about the far north of England and Scotland is relevant, however, and I will come to it in due course, when, no doubt, he will want to jump up and have another go.

According to Cambridge university, this change to our clocks would mean that electricity prices for the whole of the United Kingdom would reduce by about 5%. Moreover, the UK's carbon footprint would be reduced by about 500,000 tonnes of CO_2. People should wake up and see that that figure is relevant. That was not even a consideration in the 1970s, when, as hon. Members might recall, there was a three-year pilot project to test this idea; some people enjoyed it, and others did not. It turned out that the voices who spoke most strongly against it were those of the farmers—and rightly, because the business that they operated meant that they had to make best use of the daylight, and it conflicted with their routine. However, the National

[Mr Ellwood]

Farmers Union, and indeed NFU Scotland, no longer object to the idea. When NFU Scotland is asked if it is the first thing it wants, of course it says no—it is not on its agenda at all—but it has withdrawn its objections to it, and that makes sense, because farming is now a 24-hour industry.

The experiment was very positive, and it saw a reduction in fatalities and injuries across the UK. You might be interested to learn, Mr Deputy Speaker, however, that the reason why the experiment was flipped back was that farmers told all the Conservative MPs who were in power at the time that they would be denied the poster sites that are so important during a general election were it to continue. That was why they said, "Okay, fine, we will get rid of this". However, reading the *Hansard* makes it clear that the argument for dropping it was weak.

I have mentioned the reduction in the UK's carbon footprint, but there would also be an important boost to British tourism, an industry that Parliament almost neglects. It is our fifth-biggest industry and brings in more than £90 billion a year. According to the Tourism Alliance, daylight saving would boost the industry by about £2 billion, which is worth considering. We are the sixth most visited place in the world, and if we can find other means to encourage people to come here and take advantage of British tourist attractions, particularly those outdoors, it is worth looking into.

Safer roads, which I believe have been mentioned, are another aspect of daylight saving. As I have said, when the experiment last took place there was a reduction in deaths. I agree that more deaths took place in the morning, but the net change was a decrease. That was because in the morning, people tend to make a journey from A to B, with A being their home and B being somewhere they know, such as work or school. In the evenings they tend to make a journey from A to C, with C being somewhere they have not been before. That means that they are not so familiar with the roads, which leads to accidents. Shifting the time so that it is lighter in the evenings rather than the mornings reduces the number of accidents that take place.

Mr Deputy Speaker: Order. May I remind the hon. Gentleman that the debate is about energy efficiency, not road deaths, important though that matter is?

Mr Ellwood: I will take your guidance, Mr Deputy Speaker, and focus on how daylight saving is very energy-efficient. I will not cover the reduction in crime or the increase in international trade that it would bring, although they are important, or health and well-being, although they are also worth considering.

It is worth my mentioning Scotland, though, and the possible efficiency savings there. With daylight saving, in the Glasgow-Edinburgh conurbation there would be 83 more daylight hours before 4 pm and 5 pm, 120 more between 4 pm and 6 pm and 165 more between 4 pm and 7 pm. The numbers would be larger for the rest of the UK. It is a very simple move that would not cost the Government a penny to implement, other than to put the necessary legislation through. It would align us with our European colleagues, which would mean that we would become more efficient from a business perspective as well, so I recommend it.

I understand that there is finally a private Member's Bill on the matter, so I am the warm-up act for my hon. Friend the Member for Castle Point (Rebecca Harris), who I understand will introduce Second Reading on—

Rebecca Harris (Castle Point) (Con): On 3 December.

Mr Ellwood: I thank my hon. Friend. I hope that hon. Members, convinced by what I have just said, will come on that Friday to support the Bill.

5.38 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I begin by congratulating all Members who have made their maiden speeches today. They have been fantastic, and after hearing some of them, including that of my hon. Friend the Member for North Tyneside (Mrs Glindon), I suspect that the Chief Secretary to the Treasury could soon simply scrap all the tourist boards in this country, such is the eloquence of the case that hon. Members have made for their constituencies.

This has been a fantastic debate. There has been some good knockabout, but hon. Members have also made some serious points. I am slightly curious when I hear coalition Members talk about fuel poverty and the fact that they will square the circle by voting to freeze child benefit and cut housing benefit. We have not really teased out exactly how that will tackle fuel poverty.

I should like to put the subject of energy efficiency into the context of the wider energy debate. As part of my leisure reading I often have a glance at DUKES—the digest of UK energy statistics—a thoroughly interesting document that I get from the Department's website. I had a glance at it this morning and it contains some interesting statistics about our consumption as a nation over the past 40 years—since 1970. We have seen a 60% increase in the amount of electricity we consume as a nation. However, manufacturing and industrial consumption has remained steady at some 14,000 GWh, and it has largely been domestic consumption that has driven up the figures, plus some transportation. One thing that brings a wry smile to my face is hon. Members talking of the need for more railways and electric cars. Those are admirable suggestions, and I support them, but it is never explained where we will get the energy to power those new electric trains and cars.

If we compare our consumption statistics with our supply statistics, the result is worrying. At its peak in 1998, the nuclear industry provided approximately 90,000 GWh. In 2008, the latest year for which figures are available, that had fallen to 48,000 GWh, although it has risen again slightly since then. At the same time, many of our coal-powered stations are coming to the end of their lives. By the end of the coming decade, all our Magnox nuclear power stations will have closed, as will almost all of the advanced gas-cooled reactor nuclear power stations and many of our coal-powered stations—either because of new European regulations on carbon emissions, which both sides of the House would support, or because they have simply come to the end of their lives. I suggest that we need to understand that, although the aim of being more efficient in our energy consumption is laudable, we face a massive energy gap that needs to be addressed. We have seen some consensus break out this afternoon on how we can achieve that.

I have a constituency interest in power generation, in Longannet power station—one of the two sites bidding for the Minister's money under the carbon capture and storage scheme. I notice that his colleague, when asked about carbon capture, gave us some warm words about the coalition's general support for it, but—I assume that it was an oversight on his part—did not give a guarantee that DECC will meet the previous Government's target of a decision by October. I would be delighted if the Minister could give the House that guarantee when he winds up.

The hon. Member for Wells (Tessa Munt) is unfortunately no longer in her place, but she made an excellent maiden speech. I suggest to her that, if we are to have a surge in the volume of renewables, especially those that come from offshore and elsewhere, we cannot simply say that we do not want improvements to the national grid. I suggest that the Liberal Democrats are in their usual situation of saying one thing in the House and doing something else outside. I look forward to seeing how the hon. Lady squares that circle with her constituents.

The wider issue is how we close the gap between our desire for a low carbon British economy and our need for energy. I suggest that we will do that through three forms of generation. I accept the role of renewables, although I am on the record as being slightly more sceptical than some of my colleagues about the size and scale of that. For example, biomass, which was seen until recently as the great white hope of renewable energy, has now, as I am sure my hon. Friend the Member for Brent North (Barry Gardiner) knows, run into serious difficulties with how quickly it is gobbling up forestry in the UK. It is now suggested that several schemes in Scotland proposed by Forth Ports will have to import wood from around the world.

Barry Gardiner: I would be delighted to expand on the question of imported biomass. It can play no sensible role in a model of energy efficiency; the transportation costs make it ludicrous to think we are being energy efficient in doing so. However, there are 4 million tonnes of biomass within not the forests but simply the under-managed broadleaf woodlands in England alone. That could be used to generate twice the amount of energy—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order.

Thomas Docherty: I am grateful to my hon. Friend, who, it is fair to say, is an expert on this issue. He is entirely right that biomass has a role to play, but it must be UK-produced fuel, and he is right to give examples. Stevens Croft in Dumfriesshire has been doing an excellent job of taking cast-off from the timber industry. That is an excellent example. As I mentioned, however, we should not be importing fuel from Europe or further afield.

Guy Opperman (Hexham) (Con): On the renewable obligations certificate in relation to biomass, the effect of the subsidy introduced by the previous Government is that a variety of companies are effectively being underwritten for the work they are doing. Consequently, the taxpayer is paying for energy companies to do biomass. That cannot be right. Does the hon. Gentleman not agree?

Thomas Docherty: I thank the hon. Gentleman for his thoughtful intervention, but I do not agree with him. I believe that Government have an important role to play in supporting the market, although I suspect that he does not see it that way. One reason why the gap is going to grow over the next few years is that the Conservative Members and their predecessors over-liberalised the market, and there was no incentive for companies to make long-term financial commitments to building new generating sources, whether nuclear, coal, gas or other base load suppliers. Only through Government support will that go ahead; so I think the Government should play an important role in the marketplace.

There are, however, some flaws in how the market works, and I want to touch on one that concerns my constituency and other parts of Scotland: the way in which the transmission charges work. Obviously, if we have a vast expansion of offshore renewables, it will almost certainly be around the Scottish coastline. If we are to build a new carbon capture and storage plant in my constituency, and if we are to have these nuclear power stations, the new plants will be penalised under the current transmission charges scheme. I hope therefore that the Minister will find room in his diary to meet me and other colleagues to consider how we can build a cross-party consensus on making it a more equitable system, while retaining the principle that those who use the grid pay a sum of money.

I was slightly astonished by the comments of the hon. Member for Bournemouth East (Mr Ellwood) about coal mining. I gently point out to him that, as my hon. Friends have said, there are 300 years of reserves within our borders. However, that too will require Government support, which the Government will have to consider, because if we are to have energy sources that are free from carbon emissions at generation, we need to have that mix.

Mr Ellwood: I am trying to recall what I said, but I went on a bit and I am not sure that I remember everything, but I do not recall saying that I do not support coal mining in the UK. I sat on the Committee that debated the Energy Bill, which dealt with carbon capture and storage. We had extra thoughts, tabling about 90 amendments—I am thinking about my hon. Friend the Minister—and, although not a single one was accepted, we did not vote against the Bill, because we very much support coal mining in the UK. However, it has to be clean. My concern was that we are importing one third of our coal from Russia—coal that is not clean and certainly not from a secure source of supply.

Thomas Docherty: I am grateful to the hon. Gentleman for clarifying his position, but his Ministers will have to come up with some cash to reopen those mines. It is simply not feasible for, say, Scottish Coal to go back in and take on a huge financial risk without some Government underwriting. I would agree that there are some things that it is best for the Government to stay out of, but our major utilities are not one of those.

Guy Opperman: The hon. Gentleman seems to be indicating that without Government intervention there will be no further coal mining, but that cannot be right. For example, there are open-cast mines aplenty throughout Northumberland and my constituency, but all that mining is done without any Government support whatever.

Thomas Docherty: Just so that we are absolutely clear, we are talking about deep coal mining. That is where vast reserves lie. Without going into the techie details, the point is that quite a lot of the coal from open-cast mining is not suitable for burning in our power stations without doing serious work to it. *[Interruption.]* The hon. Gentleman can shake his head all he wants, but the reality is that in mining communities we are familiar with the different types of coal.

The Government have a vital role to play in providing homes and businesses with secure, safe electricity. I suspect that one of the great tensions to emerge in the coalition will focus not just on the vexed question of nuclear fission, but on the role of state intervention. I would be curious to discover to what extent the right hon. Member for Sheffield, Hallam (Mr Clegg)—the Deputy Prime Minister—bought into the idea of yanking £60 million away from Forgemasters, which seems to be a ludicrous and short-term decision.

Mr Ellwood: We hear almost daily about this money that was supposed to go to places such as Sheffield Forgemasters, but it did not exist. We are talking about election sweeteners, peddled by Labour just before the general election and designed to win seats. There was no money in the till and the previous Government knew it. Their promises could not be kept; they were just trying to win seats. So please let us stop peddling this myth.

Thomas Docherty: I am grateful to the hon. Gentleman for making that intervention, because it allows me yet again to remind him that we are talking about a loan that the Government were providing. It was not a gift or a bung; it was a loan. It is astonishing to hear Government Members—*[Interruption.]*

Emily Thornberry (Islington South and Finsbury) (Lab): Sheffield, Hallam is not even a Labour marginal.

Thomas Docherty: Indeed, Sheffield, Hallam is not a Labour marginal; however, given the cuts that this Government are introducing, I suspect that it will be by the next election.

Damian Collins: The hon. Gentleman said that the money was a loan, but there was only an offer of a loan—an offer that the previous Government did not have the money to honour. That is the point that my hon. Friend the Member for Bournemouth East (Mr Ellwood) was making.

Thomas Docherty: Perhaps we will just have to say that I think that the hon. Gentleman is wrong on this one. The reality of the coalition is that there are lots of warm words, as we saw from the Minister's eloquent opening statement, but when it comes to the substance and the detail of how money will be levered in, they are doing things on a wing and a prayer, with their fingers crossed.

Guy Opperman: You make this point about Forgemasters, but why did you sell Westinghouse?

Mr Deputy Speaker: Order. I can assure hon. Members that I did not sell Westinghouse.

Thomas Docherty: Thank you, Mr Deputy Speaker.

Barry Gardiner: I did sell Westinghouse. I was the Minister responsible at the time, and I remember being told by officials that we would be lucky if we got £1.5 billion for it. I said that I did not believe them for a moment, and we got £5.4 billion for it in the end. The reason we did so was that we had to take the liability off the balance books and we had an opportunity at that moment to sell it because it had the first place on an order in China, which made it extremely valuable. The Government benefited, and the British public benefited much more than the officials ever believed we would.

Thomas Docherty: I am grateful for that intervention, as it sums up entirely the correct decision taken on the basis of getting good value for the taxpayer because of the amount of revenue raised.

That leads me to my next point—that there is a myth about how long it would take to build new nuclear power stations. It does not actually take 10 or 15 years to build nuclear power stations. Westinghouse has an excellent model on the shelf, which they can take off it. It would take only three to four years; the problem comes in the planning process. I gently suggest to the Minister that I hope he will ensure, as part of the energy drive, that carbon capture and nuclear plants are not slowed down by the planning system, so that we can get them up and running as quickly as we possibly can.

Caroline Lucas: I am sorry, but I cannot hear all this talk about nuclear power without feeling the urge to leap up—so I have leapt. Will the hon. Gentleman please list those nuclear power stations that have been built, first, on time, and secondly, to budget?

Thomas Docherty: I am grateful. I do not have that long left; I cannot list them all.

Caroline Lucas: It would not take long.

Thomas Docherty: I suspect that if the hon. Lady looked at the number of wind farms built on time and on budget she would find that that list would be about the same length as for nuclear power stations.

I am very clear, as a champion of both the nuclear and clean coal industries—I have been throughout my whole time in politics—that there is no source of electricity that does not have some challenges and liabilities around it. The ones on nuclear are well documented, and I accept that some Conservative Members have raised some genuine points about clean-coal technology and the importing of coal. The problems surrounding both onshore and offshore wind farms are also well documented, as are problems with tidal power, which does not always work, so there are challenges to be overcome.

That brings me back to the central point that the previous Government were absolutely correct to promote a balanced energy. They said that we needed an element of nuclear power, an element of renewables, an element of coal and, indeed, an element of gas. It is quite surprising that we have heard so little in this debate about the role of gas in our energy mix. Again, I gently suggest to Government Members that the 3,000 mile pipeline presents an issue that we might need to look at.

We have had a fantastic debate. I very much welcome the Ministers to their new posts and I look forward to their perhaps providing some reassurance to my constituents when they sum up.

5.58 pm

David Morris (Morecambe and Lunesdale) (Con): A lot has been said about renewables, about where we are going as a country with our energy policy and about how we are going to keep the lights on in 10 years' time. In my Morecambe and Lunesdale constituency, a paradox occurs. We have two nuclear power stations; one is due to be decommissioned very shortly; and we have a plethora of wind farm applications going through the Lune valley and all the way through the M6 corridor into the Cambrian region.

The nuclear power industry, it has to be said, gets a bad press. What is needed is education. I do not think anyone here could argue that a pellet the size of a 10p piece could power a town for, say, a month; yet we are trying to figure out how to keep the lights on in 10 years' time—and we all know that they are going to go out if we do not invest in nuclear power.

I really believe in nuclear power; I am 100% for it. When I was standing for election in Morecambe and Lunesdale, I said that as long as I am the Member of Parliament for the constituency there will be nuclear power there. It is the largest employer in my constituency, but it also accounts for 10% of the national grid.

We are due to have a new power station built in Heysham, if everything goes according to plan, and it should be noted that upgrades and new nuclear power stations are planned all through my region and up into Cumbria. Heysham is one of perhaps only two urban areas in the country that could possibly accept having a nuclear power station built in it.

Although we rightly want to promote wind power, I cannot understand why wind power has to be located in areas of outstanding natural beauty.

Barry Gardiner: Because they are windy.

David Morris: Exactly. It is because of the wind, but the wind comes in from the sea, so why do we not put battalions of wind farms out in the sea? That is common sense. We do not have to put them all across the hills, valleys and mountains of this great country; we can put them out at sea instead, where they will generate more energy. There is evidence to suggest that turbines erected out at sea are more efficient than those erected on land in other ways too, because, as has been said, it can take quite some time to secure planning permission for the construction of both nuclear and wind sources of energy on land. This is a very contentious subject.

We have to figure out how we are going to power this country in future. Yes, the coal mines did get closed down in the '80s, but in the town I am originally from, Leigh, the pits were closed down naturally, purely and simply because they had been over-mined. I still hear stories in my home town that Thatcher closed down the pits, however. She did not. If we all remember rightly, we will recall that there was a political argument going on between the unions and the Government of the day.

Members need to acknowledge that we are now in 2010, and in 10 years' time the lights will go out unless we start building nuclear power stations and battalions of wind farms out at sea.

Caroline Lucas: I am in danger of repeating myself a lot, but given that it will take at least 10 or 15 years to get nuclear power up and running, if it is really the case—which I do not believe—that the lights will go off in 10 years, nuclear power simply will not help us. I find it ironic that this is supposed to be a debate about energy efficiency, yet the hon. Gentleman is spending his time talking about nuclear, wind and coal. Let us talk about energy efficiency. According to the previous Government's own figures, 40% of our existing energy could be saved using energy-efficiency measures alone.

David Morris: I thank the hon. Lady for her comments, and they are good comments, but we are talking about energy efficiency. Nuclear power is very efficient; it has a low carbon footprint.

One subject that has not been addressed is how we in this country use energy. I use card meters in my domestic home. When I bought my house, an old gentleman had lived in it beforehand, and he used card meters so I carried on using them. When my family was growing up, I was one of those dads who was always saying, "Switch the lights off." Using card meters started to make us change our habits and how we used energy in our home. The Government might want to consider that. Perhaps we could top up through the internet as we might with a T-Mobile phone—excuse me for unintentionally plugging a particular company. We might usefully consider how we obtain our energy.

Thomas Docherty: The hon. Gentleman has touched on an important point—education—so does he agree that our schools have a key role to play in teaching our children how vital energy efficiency is?

David Morris: I totally agree. What the public need to be educated in is how nuclear power can benefit this and other nations in solving their energy problems. I urge the House and the Minister to consider seriously where we will be going in 10 years' time. I think that nuclear power is the way forward. There is a place for wind farms and renewable energy, but two nuclear power stations in my constituency power more or less 10% of this national grid and if they are taken out of commission, the lights will go off.

6.5 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): May I welcome you to your post, Mr Deputy Speaker, and the Ministers to theirs? I also congratulate all hon. Members who have made very eloquent and interesting maiden speeches today, particularly my hon. Friend the Member for North Tyneside (Mrs Glindon), who raised pertinent issues about workers in the civil service. I am conscious of the fact that some Back Benchers on both sides of the House are still waiting to speak and that we are yet to hear the wind-ups, and as I am particularly interested in what the Minister is going to say, I shall keep my comments brief.

I am pleased to have the opportunity to participate in a debate on an issue as important as "Progress and prospects in energy efficiency". I am glad that we have heard a bit more detail today about the green deal—the detail provided in the Budget and the coalition agreement was sketchy. What we have heard about the green deal today has raised as many questions as answers. The Minister talked about energy-efficient products, including loft insulation and plugs. I wish to focus briefly on another very simple element of energy-efficient products, which was not discussed. The Energy Saving Trust

[Luciana Berger]

estimates that 23% of the heat energy lost from a house escapes through inefficient windows, so it is vital that efficient windows are included in measures under the green deal.

I know from dialogue that I have had with the Glass and Glazing Federation—the trade association that represents companies, including those in my constituency, who make, supply or fit glass and glass-related products—that the current economic downturn has been particularly damaging to the glass and window industry, and that at the current rate of installations the dates in the carbon emissions reduction target will not be met. My right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) highlighted the fact that glazing can cost about £10,000. That will not be met by the green deal at the limit stated by the Minister—that is if the green deal is to extend to energy-efficient glazing at all. Can he clarify whether the support for insulation that he outlined through the green deal and other projects will include that provided by energy-efficient windows? Will he consider a windows scrappage scheme? Estimates made by the Glass and Glazing Federation's energy savings calculator, which have been supported by the Energy Saving Trust, demonstrate that such a scheme could provide even greater benefits to energy conservation than those obtained from the excellent boiler scrappage scheme introduced under the Labour Government.

A number of references have been made to the number 10 during this debate. A number of Members on both sides of the House have signed the 10:10 pledge to reduce our emissions by 10% over the course of this year. We learnt today from the Committee on Climate Change that the UK's carbon emissions have been reduced by 10% in the past year. If energy-efficient windows were installed in all properties nationally, our emissions would reduce by a further 10%, saving nearly 4 million tonnes of carbon and decreasing our national domestic energy expenditure by 10%. I urge the Minister to consider energy-efficient windows in his plans.

6.9 pm

Sarah Newton (Truro and Falmouth) (Con): Thank you very much for letting me join this important debate, Mr Deputy Speaker. I wish to support what the hon. Member for Dunfermline and West Fife (Thomas Docherty) said about the fact that a lot of today's debate has focused on energy generation, whereas in a debate on energy efficiency we should be focusing on energy consumed in the home, because that is a very large contributor to energy consumption in the UK and to our use of carbon fuels.

I also wish to associate myself with some of the comments made by my hon. Friend the Member for Bournemouth East (Mr Ellwood). I grew up in Cornwall, so I can remember the catastrophe of the Torrey Canyon and the oil spills that we saw off the coast of Cornwall, which in their day were as catastrophic as those we are seeing in the gulf of Mexico. That is, I think, a spur to us to reduce our dependence on oil and move swiftly to find more sustainable sources of energy.

I believe that the green deal will offer significant positive benefits to people living in my constituency. Fuel poverty in Cornwall is among the highest in the country. That in part relates to the profile of our population: we have many people living in poverty, with average incomes some 25% lower than the national average, and the fastest-growing population of 80-year-olds. We are also a very rural area, with more than 63% of the population of households living in rural areas—that figure is only 19% for the rest of the country. As a result, people do not have access to mains gas, which is, of course, the cheapest form of energy. Many homes, especially in villages—as many as 80% of the homes in villages—have to depend on Calor gas or on fuel oil, which are the most expensive ways of heating a home and tip a lot of people into fuel poverty.

There are also a lot of old properties, bungalows and properties built before the war with solid walls, which are difficult and expensive to insulate, as well as a large number of detached properties compared with the rest of England. As hon. Members will know, flats are usually the most energy-efficient properties and we have low numbers of those in Cornwall.

I believe that the green deal will enable many people in my constituency to switch from expensive and carbon-intensive forms of energy to more low-carbon and cheaper alternatives, especially ground heat. Ground heat pumps are manufactured in my constituency and, using the CERT programme and working with social housing providers around the country, they have lifted many people out of fuel poverty. However, like some of my hon. Friends, I am slightly concerned. Although the initial amount of money available through the green deal—about £6,000—is a good start, I would appreciate it if, over time, Ministers considered increasing the amount of money that could be made available for the green deal to take into consideration the considerable costs of insulating solid wall properties and putting in ground source heat pumps.

Zac Goldsmith (Richmond Park) (Con): For a long time, energy efficiency has had Cinderella status in the energy debate, despite the fact that in terms of value for money it is second to none. I am hugely excited by the green deal and think it will transform the way in which we interact with energy in this country, but would my hon. Friend support moves to extend the green deal to the commercial sector, too? That sector is responsible for about a fifth of our emissions and it has been calculated—I have not done the maths myself—that if we were to raise the energy performance certificate standard for commercial buildings to level C, we would save about £5 billion a year. It seems to be a no-brainer.

Sarah Newton: I would be delighted to support my hon. Friend. It is important that schools, hospitals and commercial organisations can benefit from the green deal. There is a huge appetite for people to have renewable energy, but the capital costs can be prohibitive.

Gregory Barker: May I quickly assure both my hon. Friends that the commercial sector—particularly small and medium-sized enterprises, but the sector in general, too—will be included in the green deal?

Sarah Newton: That is extremely welcome news. That is marvellous, and—to return to my ground heat pump manufacturers—they will be able to provide ground heat for businesses, hospitals and schools, as they do at the moment.

I should be grateful if Ministers would consider one other matter in the context of renewable heat, and that is the incentive. The renewable heat incentive, as hon. Members will know, was designed to support the installation of a wide range of renewable heat technologies by compensating owners for the increased capital costs of such systems. I think it is an extremely bold and good idea, and Ministers will be receiving replies to the consultation process that was started by the last Government. Having listened to manufacturers in my constituency, I believe that although it is a good idea, some unfortunate anomalies have crept into the calculation of the tariff.

The Carbon Trust and ground heat pump manufacturers have highlighted an inconsistency in the tariff calculations for the RHI that is having the unintended consequence of effectively doubling the rate of return for air source heat pump installations. It has been well proven that ground source heat pumps are a far more efficient way of producing energy over time than air source pumps. If the tariff continues as it stands in the proposals, it will severely disadvantage the ground source pump industry and other renewable technologies; indeed, it might, sadly, eliminate both of those technologies just when we need to be encouraging businesses to supply and manufacture such products in this country. I would be very grateful if Ministers would urgently review the consultation process and look at the tariff for small air source heat pumps.

6.16 pm

Chris Williamson (Derby North) (Lab): May I start by congratulating all hon. Members who have made their maiden speeches today? Unfortunately, I was not in the Chamber to hear all of them, but I want, nevertheless, to congratulate them all because I know what a daunting prospect it is to make one's maiden speech in this Chamber.

In opening the debate, the Minister quoted the Prime Minister saying that he wants to make this Government "the greenest Government ever"; well, it needs to be—and so does every subsequent Government, because the scale of the challenge facing not just the UK but the whole world requires radical steps to be taken. Climate change is probably the single biggest challenge that we as a civilisation have ever faced. We should therefore try to achieve cross-party consensus on the radical measures that need to be taken. The Stern review, which the previous Government commissioned, talked about the possibility of 40% of domestic energy requirements being generated by micro-technologies, and this Government need to do everything they can to encourage and support making that a reality. If we can secure a huge increase in micro-energy technology, that will reduce the problems caused by carbon emissions and will diminish the need for nuclear power stations.

I do not agree with the hon. Member for Brighton, Pavilion (Caroline Lucas) about the nuclear debate, although I used to. Like George Monbiot, I have changed my view on the basis that is probably the lesser of two evils. However, that does not take away from the need for significant uplift in the amount of energy efficiency work that must be undertaken to existing residential accommodation and residential accommodation now being built, as well as to the commercial built environment, as the hon. Member for Richmond Park (Zac Goldsmith) has pointed out. In cities the commercial built environment is responsible for the lion's share of carbon emissions, so it is important to address that issue in the new green deal that the Minister is talking about.

I said that it was important for this Government to be greener than the previous Government, but that is not to diminish the huge strides made by the Labour Administration. Let me make it clear, for the record, that they were the first Government in the world to pass a climate change Act and that their Warm Front initiative introduced energy efficiency measures to about 2 million homes. The feed-in tariff was a very important initiative, and the massive expansion of offshore wind energy announced by the previous Prime Minister is also welcome.

My hon. Friend the hon. Member for Southampton, Test (Dr Whitehead) referred to the boiler scrappage scheme. We were ahead of the game on the Kyoto commitments. Indeed, we led the world in securing them in the first place. We also led the world in trying to secure a deal at Copenhagen: that is another thing that we should be proud of, and we should applaud the former Secretary of State for Energy and Climate Change, my right hon. Friend the Member for Doncaster North (Edward Miliband), for the role that he played in that.

My hon. Friend the Member for Southampton, Test also spoke about the need for district heating schemes and how they can be used. Compared with the rest of Europe, this country does not have a great track record in that regard, but I believe that district heating schemes have tremendous potential, especially when linked to initiatives on waste. The treatment plants being developed around the country offer a way of dealing with waste that is better than burying it in the ground, and they also give us an opportunity to generate energy at the same time.

Ms Bagshawe: Does the hon. Gentleman agree that this is an overlooked aspect of renewable energy, and would he welcome investment in innovative technology? For instance, the BioWayste plant in my Corby constituency takes 146,000 tonnes of food waste and, using anaerobic digestion, turns it into enough energy to supply half the needs of an entire food processing plant for a whole year.

Chris Williamson: I do not know the details of the specific scheme to which the hon. Lady refers, but her description makes it sound particularly laudable. Based on the information that she has just given to the House, it is certainly something that I would like to associate myself with. So yes, I agree with her on that.

When Bill Clinton launched the Clinton climate initiative, he said that tackling climate change provided an opportunity to save money, make money and create jobs. I wholeheartedly agree. The point has been made already in this afternoon's debate that there is an opportunity to create green jobs through investing in energy efficiency measures. We need to examine that angle, and the Government should consider how burgeoning new companies looking to enter the field can be encouraged and helped.

In my constituency, Rolls-Royce has been working on a fuel cell for some time. If the company can bring the project to fruition, it will play a significant role in providing environmentally friendly of energy generation in this country. Again, the Government should look at ways to support that initiative.

[Chris Williamson]

Other hon. Members have mentioned the link between fuel poverty and energy efficiency. That is something that I, as a former welfare rights officer, am particularly concerned about: we have seen how the increase in fuel prices has impacted on fuel poverty in this country, so it is important to make more strenuous efforts to ensure that low-income households benefit from the green deal.

I am especially worried about low-income households in the private rented sector. Other hon. Members have mentioned them in the debate, and I think that the Minister said that the green deal would apply to that sector as well. We will be watching very closely to see how that develops, but it is clearly going to be an extremely important area.

When I was leader of Derby city council, I set a very challenging target—that Derby should become self-sufficient in clean green energy by 2025. I worked with local companies in the city to get them on board for that agenda, and I have to say that there was a good deal of support for it—both for generating environmentally friendly energy and for ensuring that commercial premises were more energy-efficient. To come back to the point that the hon. Member for Richmond Park made, it will be interesting to hear what the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry), has to say about the commercial sector when he winds up, because if that sector is ignored it will be a significant omission.

The Government's stated aims on public spending, and the Budget that we debated last week and at the beginning this week, seem to militate against much of what the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), said this afternoon. Without Government investment in this important policy area, it will be difficult to deliver on the ambitions that he outlined. It is important for the Government to unlock the potential in local government, but the Chancellor, with massive swingeing cuts to local government finance—we had a debate on local government finance yesterday—will make it very difficult for the innovation locked away in local government to come out and flourish. That is another area that the Minister needs to look at carefully.

Not only are there to be cuts in local authority expenditure, but restrictions are being put on local authorities' ability to use, for example, prudential borrowing as a way of moving the agenda forward. Again, that is something that the Minister needs to look at. Perhaps he might talk to his colleagues in the Con-Dem coalition to see how that can be addressed.

If we can get it right, and address energy efficiency and tackle climate change, there will be significant implications for the size of the deficit. In the prospectus that the Chancellor outlined last week, he took a direction diametrically opposed to the one that he should have taken to tackle the deficit. His cuts package will create large-scale unemployment, with tens of thousands of public sector workers losing their jobs, and tens of thousands—possibly hundreds of thousands—of workers in the private sector losing their employment as well. Investment in green technology and energy efficiency can generate huge numbers of new jobs; that would take people off the dole, generate income tax revenue for the Exchequer and help reduce the size of the deficit. That deficit will get bigger as a result of the Chancellor's Budget last week, and that in turn will result in further pressure to make even more swingeing cuts. We would then end up in a vicious circle.

I wish the Minister luck in his ambition for the new green deal. It is a good step in the right direction, but he needs to go a lot further. It is important for him to recognise the measures that were taken by the previous Administration and build on them, and to do what he can—although I accept that he has what is probably a fairly junior position in Government at the moment—to persuade the Chancellor of the error of his ways. I am sorry, but last week's Budget will make it very difficult for us to deliver on the ambitions that the Minister outlined earlier.

6.28 pm

Caroline Lucas (Brighton, Pavilion) (Green): I welcome the Minister's statement today, not least because I was getting a bit worried about the Government's commitment to this agenda. The Chancellor's Budget statement contained absolutely nothing about energy efficiency, and a mere 23 words on the proposal for a green investment bank. There was a little more detail in the Budget report on measures to bring forward a low-carbon economy, but that was still only six paragraphs out of a total of 121 pages. That gave us a bit of a sense of what the Government's priorities might be, and it shows that we still have a long way to go, in spite of the Minister's fine words.

Although the first of those paragraphs stated:

"Climate change is one of the most serious threats that the world faces",

I still do not see anything like the kind of urgency that we need if we are to avoid the worst of climate change. If I compare climate change to the kind of military threat with which we are more familiar, we need a response commensurate to the response that would be forthcoming if we were facing a military threat. We need that degree of single-mindedness and that level of resources.

The Committee on Climate Change reported today, and it is scathing about what it calls the "light-touch" regulation policies of the past decade. It made four recommendations that it says should be acted on within a year, including a new national programme for energy efficiency in buildings. The chief executive of the committee said:

"This is not going to happen from the bottom up. We need crunchy policies that provide strong incentives."

I am not sure that I know what crunchy policies are, but they are certainly not the late and voluntary measures that we have seen so far. We need urgent action now.

Let us take housing as an example. More than a quarter of the UK's CO_2 emissions come from the energy that we use in our homes. If all the 6.1 million homes with uninsulated cavity walls installed cavity wall insulation, we could save 3.9 million tonnes of CO_2 a year, and £690 million on energy bills. If everyone with a gas, oil or LPG boiler upgraded to a condensing boiler, the UK would save 6.7 million tonnes of CO_2 a year and £1.3 billion in energy bills. If all the 13 million homes with insufficient loft insulation topped up to 270 mm,

the UK could save nearly 3 million tonnes of CO_2 a year and £560 million in energy bills. Those three measures alone could reduce the UK's emissions from the household sector by nearly 10%, so we need to see faster action.

As others have said, it is the existing housing stock that is the real challenge. New build homes will be required to meet a defined zero carbon standard by 2016, but at least 85% of the homes that will be in use in 2050 have already been built. Worryingly, there is no set of standards for existing homes to meet in order to achieve an 80 per cent reduction in emissions.

The Government have given sketchy outlines of some of their intentions. We have heard a little more about the green deal proposals, and I am grateful to the Minister for that. But I am not convinced that a market mechanism alone will be enough to generate the level of take-up that we need to achieve large scale energy efficiency improvements for the housing stock. Current proposals focus all their attention on the up-front capital costs, relying on this market-led solution, but they risk ignoring other barriers that need to be addressed, such as lack of consumer awareness, and particularly the belief that measures could cost much more than they actually will.

We need to ask ourselves how realistic the proposals are, particularly at a time of economic difficulty, and whether all the people whom we need to target will be willing to opt in. Many households that could pay for energy efficiency measures may not do so as long as those actions remain discretionary, and economically disadvantaged and fuel- poor households will need significant extra support beyond CERT to be able to act.

If the Government want mass take-up of energy efficiency measures, legislation must introduce mandatory standards for domestic heating and insulation in the form of an energy efficiency rating. The legislation could stipulate, for example, that by 2020, where technically feasible, all dwellings should reach an energy efficiency standard no lower than an E rating, as measured on the energy performance certificate scale. That requirement could apply to all landlords, social and private. Failure to comply would mean that the property could not be let, for example. The requirement would also have to be introduced in the owner-occupied sector, where failure to comply would mean that the property was not fit for sale.

It is on such a scale that the Government need to think. If they backed a major programme of public and private investment in energy efficiency and renewables, we could all reap big rewards. I have been part of a group calling for just such a green new deal for quite a long time before the Government adopted the green deal as their own branding. A serious investment in building new energy systems, including energy efficiency, combined heat and power, and renewables, for millions of homes and other buildings would amount to a £50 billion-plus programme per year.

That is what we need—a ground-breaking programme based on Government investment to create hundreds of thousands of jobs, to stabilise the economy and to reduce emissions. Those are the kind of measures that we need—particularly when we have one foot still in a recession—not the savage public spending cuts announced by the Government, which are likely to trigger a double-dip recession.

Even if the Government were not as ambitious as that, there are other measures that they could consider to achieve mandatory minimum energy efficiency standards. Able-to-pay households could have the necessary work funded through a mechanism such as the proposed green investment bank, while for low-income households work could be funded through a system of 100% grants on top of CERT expenditure. Those grants might also be funded through the green investment bank and accessed through local authorities, but the Government would be responsible for repayment.

We have not yet even been told whether the Government will retain the previous Administration's target of insulating every home in the UK, where technically possible, with cavity wall and loft insulation by 2015. That target did not go far enough or fast enough, but it was at least a welcome acceptance of the principle of setting standards affecting the energy efficiency of privately owned or rented homes. I would be grateful if the Minister would clarify the situation when he replies. According to the National Insulation Association, we still need to insulate another 15 million lofts and 9 million cavity walls by 2015. Are the Government still committed to achieving that? The previous Government never did produce a plan to deliver that target, and I know that green councillors working on large-scale, free, area-based insulation programmes are still waiting with bated breath for such a plan.

Perhaps part of the finance for a mass street-by-street insulation programme could be obtained if the Government followed the example of the German Government, who have implemented a windfall profit tax on the production of nuclear electricity. In the UK the tax could be levied, for example, on British Energy. Currently, assuming carbon prices of at least €10 per tonne, EDF, which owns British Energy, is receiving around £350 million a year in windfall profits from nuclear electricity production that would still be generated without any carbon price at all. That money is not being used to reduce carbon emissions, but is simply being swallowed up by the company. If instead a windfall tax were levied, the revenue could be used to pay for a whole raft of energy efficiency measures.

There is also a case for levying a windfall tax on the fossil fuel utilities, while we wait for the reform of the emissions trading scheme to come into effect in 2013. As hon. Members will know, at the moment carbon permits are given away, not auctioned, and that means that the fossil fuel companies, too, are receiving windfall profits.

I also hope that the Government will give proper consideration to both a stamp duty rebate and some form of equivalent grant for homes that do not reach the stamp duty threshold, so that we take maximum advantage of the house-moving process for incentivising costly and disruptive whole house retrofits.

The decent homes standard for social housing comes to an end this year, and it has been successful in improving the energy efficiency of such homes. However, this Administration, as far as I know, is offering no successor to the decent homes standard, although one was proposed by the previous Government in order to provide the framework for social housing providers to make long-term investment in energy efficiency. That hardly sits well with the Government's green claims—nor does the announcement that the previous Government's welcome

[Caroline Lucas]

proposal of a register of landlords is to be scrapped. That register would have provided an opportunity to make landlords in the private rented sector adhere to minimum energy efficiency standards, as well as other standards, for tenants. That sector has the highest proportion of dangerously cold homes, and often houses particularly vulnerable families, but it is not being addressed by any policy measures.

The Government's proposed green deal also, as far as I know, splits the incentive—in other words the landlord pays for the measures but the tenant receives the benefit via their energy bills—and that, again, could be a significant barrier to wholesale improvement to homes in the private rented sector, which in England number 3.1 million, nearly 15% of the housing stock.

The best approach to the private rented sector would make minimum standards mandatory and toughen those over time to make it illegal to rent out a property below a certain energy efficiency rating, with very few exceptions. That could start with properties in energy performance certificate bands F and G, and then tighten over a clear timetable. Information on the energy performance of the property through the EPC needs to be of a much higher quality. It needs to be better enforced, and given a higher profile for both landlords and tenants. The Energy Saving Trust and local authorities should have access to the information on EPCs so that action can be better targeted and co-ordinated. Primary legislation may well be needed to get the full potential out of those measures. There should also be financial incentives to support and encourage investment to the standard required by the minimum standards, including an extended landlord's energy-saving allowance, and a reduction in VAT on refurbishment.

Any Government who were serious about energy efficiency would have used their first Budget to reduce VAT to 5% on building repairs and on improvement work to existing buildings immediately, because that measure would have made it much easier for home owners to make energy-efficient repairs and improvements to their properties. That is a win-win agenda. The Government have said that they want to be the greenest Government, and I have said that, unfortunately, that is not a very ambitious target. None the less, if they do want to meet it, they will have to do a lot better.

6.40 pm

Emily Thornberry (Islington South and Finsbury) (Lab): It is a great honour to close this debate for my party from the Dispatch Box, and this is the first time that I have done so. For many people the debate will be memorable not necessarily for my contribution, but for what will have flashed into their minds and been difficult to get rid of—that is, the picture of the Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker), hoovering his carpets wearing less than an apron. However, it is clear from the debate that, although there is broad agreement throughout the House about where we need to get to, there is much disagreement about how we get there.

Historically, energy efficiency has not been Britain's No. 1 priority, with its temperate climate and plentiful supplies of fuel, whether wood, coal, gas or oil. Therefore, for far too long we have put up with, and built too many, draughty houses. As the hon. Member for Cheltenham (Martin Horwood) said in his thoughtful contribution, we have to change the way in which we build houses. Times have changed and Britain has to change, too. Energy prices have increased massively, and now we have a choice: we can either invest in a low-carbon economy using renewable sources of energy, or wait for the gas to run out. Neither option is cheap, although the latter also comes at the price of creating man-made, irreversible climate change. In the UK, 13% of our greenhouse gas emissions are caused by the way in which we heat our homes, but the inevitable increasing cost of fuel bills has, and will continue to, put great strains on the incomes of the poorest households.

People fully understand the urgency of the matter, and in meetings in my constituency I have spoken to people in their 80s and to children as young as five about the importance of ensuring that we insulate our homes and address fuel poverty. I suspect that the passion that I have developed for the issue has come from listening and learning from the people whom I represent, and today we have heard a number of passionate and inspirational maiden speeches from people who clearly have a great love for their constituencies.

We heard from the hon. Member for South Dorset (Richard Drax), who, after congratulating Lord Jim Knight on his ennoblement, spoke of the great beauty of his constituency. He also told us of his six ancestors who have been Members. It seems that one of them spoke only once in 32 years, and we hope that the hon. Gentleman does not follow in that tradition.

The hon. Member for South Ribble (Lorraine Fullbrook) is the first woman to represent her area, and she paid tribute to her predecessor, David Borrow, and in particular his work in relation to HIV sufferers. We learned that South Ribble is the home of Chicago town pizzas, as well as Leyland and some large bird sanctuaries, and I have no doubt that she will be a very effective voice for South Ribble in Westminster.

We heard also from the hon. Member for Wells (Tessa Munt), who eschewed tradition and decided to be controversial by claiming that her constituency was the most beautiful in Britain. She also took on the National Grid and certainly seems to have a strong campaigning spirit and steel.

Talking of strong campaigning spirit and steel, I should note that the hon. Member for Corby (Ms Bagshawe) also made it clear that, although she is in favour of nuclear power and onshore wind, she is not in favour of them in her constituency. As my hon. Friend the Member for Llanelli (Nia Griffith) said, Government Front Benchers could consider putting some large solar panels in Corby instead.

The hon. Member for Strangford (Jim Shannon) explained that, although he was a Unionist, he could in some circumstances feel comfortable talking about green politics. He described his beautiful constituency and reminded me of many visits that I and my family have taken to that extraordinary area. I was reminded, in particular, of Castle Ward, which also made me think of the coalition. Castle Ward is a very odd building, because one half is classic Georgian and the other Strawberry Hill gothic. It is up to Members to decide which bit represents which political party. Anyway, one particular marriage at Castle Ward was doomed,

and the woman went back to Scotland after only a few months, so perhaps there is a lesson to be learned there.

We heard also from Members who have a large amount of experience, and their contributions were profound and very important. My hon. Friend the Member for Llanelli spoke of the cuts in funding to the Welsh Assembly and the impact that they might have on the Welsh boiler scrappage scheme and the Warm Front scheme. My hon. Friend the Member for Sheffield, Heeley (Meg Munn) spoke about the feed-in tariff threshold and called for it to apply to 3 kW appliances.

We also heard from my hon. Friend the Member for Brent North (Barry Gardiner), who spoke passionately about how climate change had become his political priority. He strongly urged the Government to reduce VAT on energy-efficiency measures. I understand that the number of interventions during the speech made by the hon. Member for Bournemouth East (Mr Ellwood) is a record. My hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty) made a knowledgeable contribution about the power station in his constituency and the bid for carbon capture and storage. He asked the Minister to make a decision about when the competition was going to happen.

The hon. Member for Morecambe and Lunesdale (David Morris) was burnishing his pro-nuclear and anti-onshore-wind credentials; I suspect that he will make a friend of the hon. Member for Corby. My hon. Friend the Member for Liverpool, Wavertree (Luciana Berger) made a plea for energy-efficient windows, while the hon. Member for Truro and Falmouth (Sarah Newton) promoted ground source heat pumps, which are made in her constituency. My hon. Friend the Member for Derby North (Chris Williamson) asked the Chancellor to think again, as we all do. Meanwhile, the hon. Member for Brighton, Pavilion (Caroline Lucas) made a wide-ranging and well informed speech, calling particularly for mandatory minimum standards of insulation. Her contribution will be taken seriously beyond the House.

Much of what the previous Government did on energy efficiency has had broad support from this place, and I am proud of the progress that we made. It began particularly with the Climate Change Act 2008, which, ironically, will be seen as one of Labour's greatest achievements only if the coalition Government take seriously the attendant low-carbon transition plans and the carbon budget. Lord Turner, the Chair of the Committee on Climate Change, said on the "Today" programme this morning, "The last Government set out a series of policies. As long as we drive those through, we will make a difference." I was reassured to hear from one with as profound an understanding as my hon. Friend the Member for Southampton, Test (Dr Whitehead) that the CCC's report recognises the Government's achievements.

It is important that we cut our household-sector emissions. That is an important part of the plan; we expect to cut them by 29%. In furtherance of that goal, we insulated 5 million homes and, building on that, went on to introduce the carbon emissions reduction target, or CERT. The Government's reconfirmation of the decision to extend CERT to December 2012 is greatly to be welcomed; I am grateful to have heard that from the Minister in his opening speech.

The next question is about the community energy saving programme, or CESP, which focused on household energy efficiency in poor areas and worked on a house-by-house, street-by-street basis. A precursor to the programme was established in the constituency of my hon. Friend the Member for North Tyneside (Mrs Glindon), who also made a maiden speech today. It was called warm zone in her area and she rightly told us of the great benefits to those in fuel poverty in her constituency.

There is also the decent homes programme, which has made flats in housing estates in constituencies such as mine warm, decent and dry. I am proud that the standard assessment procedure, or SAP, ratings have increased in the private and social rented sectors since 1997, under the Labour Government; the social rented sector improved more and faster.

Another priority under Labour was to fight fuel poverty. The hon. Member for Tamworth (Christopher Pincher) asked why fuel poverty went up under a Labour Government. My right hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) explained that it was because of an unprecedented rise in fuel prices. Nevertheless, without Government measures, the number of fuel-poor households would have been 400,000 to 800,000 more in England in 2008.

What about Warm Front? That flagship policy of ours gave energy-efficiency grants to the most vulnerable households. We Labour Members are very concerned about the future of the policy and the priority that the coalition will give to those in fuel poverty as a whole. The Minister said in his opening remarks that his new policies are game changers and innovations. If they are, and if they work, we will support them. If the Government keep to our carbon reduction plans and time is not wasted, if their strategy is coherent and effective and if they meet the needs of the poor, they will have our support. However, if, as we fear, they are prepared to sacrifice all for the sake of short-term savings, ignoring the long-term need, they will have a fight on their hands.

We greatly welcome the extension of CERT, but does the coalition believe that that is the game changer that will really help the fuel-poor? How many in fuel poverty do the Government expect will be helped as a result of the extension of CERT? Will the Minister of State, the hon. Member for Wealden (Charles Hendry), clarify whether the super-priority group of 15% is in addition to the 40% priority group or contained within it? In January, the Minister of State, Department for Communities and Local Government, the right hon. Member for Tunbridge Wells (Greg Clark), said that grant programmes were to be maintained. That is good news, perhaps, because Warm Front is a grant programme. Does this mean that the Government are thinking again about Warm Front? Will they ensure that it helps the fuel-poor, given that CERT alone may not be enough?

I have gabbled on—I appreciate that I have spoken very fast—and I am afraid that I have another three pages to go, but I promise to finish soon. It is odd that only those of us who are speaking from the Dispatch Box are limited as to the amount of time that we have. Ministers have an extremely difficult job, but if they act within the parameters that we have set out in helping the fuel poor and truly cutting carbon emissions, they will certainly have our support; otherwise, they will not.

6.50 pm

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Let me begin by warmly welcoming the hon. Member for Islington South and Finsbury (Emily Thornberry) to the Dispatch Box. In the past, as a Parliamentary Private Secretary, she has been forced merely to chunter occasionally from the sidelines, and it is wonderful to hear her soothing, mellifluous tones. She probably did not expect that in her first speech from the Dispatch Box she would be talking about the Minister of State, my hon. Friend the Member for Bexhill and Battle (Gregory Barker), doing his hoovering in the buff—a thought that is as unpleasant as the activity is potentially dangerous. We congratulate her on her promotion and wish her well in her new role.

This excellent debate has shown the quality of Members in this House and their understanding of a wide range of energy-efficiency issues, which occasionally spread into other areas of energy policy. We have also heard some outstandingly good maiden speeches, and I congratulate all hon. Members who have made those contributions today. I endorse what the hon. Member for Islington South and Finsbury said in hoping that it will not be 32 years until my hon. Friend the Member for South Dorset (Richard Drax) speaks here again. He, too, talked about nudity; I thought it that it might become a recurring theme, and was relieved that it did not. The House will welcome his commitment to being a free-thinking advocate of the interests of South Dorset, although the Whips blanched when he said that. We look forward to many future contributions from him.

The hon. Member for North Tyneside (Mrs Glindon) expressed concern about jobs in North Tyneside. We now have a real opportunity to develop new jobs in the marine and offshore wind sectors, and I want to work together with local authority representatives to try to make the strongest case for developing green jobs in this country. She talked about the mining industry; I want her to be in no doubt that this Government are determined to be a friend of the mining industry. I want to see a renaissance of mining in Britain, and I want British miners to deliver the coal for new clean-coal facilities so that we are less reliant in the future on imported coal.

The hon. Lady referred to energy efficiency in terms of work that she had done in her local council. It is vital that we involve local councils in this work—a point that was made very effectively by the hon. Member for Derby North (Chris Williamson). As he said, we have to unlock the potential that exists. We must capitalise and build on councils' expertise as social landlords if we are to ensure that we achieve maximum energy-efficiency potential across the housing stock.

My hon. Friend the Member for South Ribble (Lorraine Fullbrook) made an impassioned maiden speech in which she talked about companies in her constituency which can contribute towards reducing carbon emissions. She described the problems that she had experienced with Warm Front. Many of us raised similar issues during the last Parliament, and the Government, to their credit, addressed many of them. We now have to monitor carefully how Warm Front works and moves forward to ensure that it is delivering help in the most effective way.

The hon. Member for Strangford (Jim Shannon) made a thoughtful and measured speech. I hope to visit Northern Ireland soon to look at the marine current turbines project in Strangford lough. He made the telling point that targets must have a purpose. We must raise our ambitions, and targets are an important way to achieve that, but we must be certain that those targets are deliverable and achievable.

The hon. Member for Wells (Tessa Munt) raised a whole range of issues, particularly about National Grid's plans for new infrastructure across the Somerset levels. National Grid clearly has a legal obligation to show that it is considering the alternatives. The hon. Lady can truly expect that we will take into account her concerns. We know that in making these decisions we have to carry people with us, because those decisions must have public support if they are to be wholly endorsed.

The hon. Member for Brighton, Pavilion (Caroline Lucas) made, although it was not her maiden speech, what I believe was her first speech on her own subject. I hope that we will hear from her on a regular basis. I want her to harry the Government and chase us to do better. I want her constantly to say, "Let's raise our aspirations to do the best we can". We are most determined to be the greenest Government there has ever been, but I want to know that we will be truly challenged by people who always want to raise the bar higher. We have to be objective and realistic about what we can achieve, but we should be absolutely clear that we welcome such contributions, and we encourage the hon. Lady in that respect.

I have the greatest personal respect for the right hon. Member for Lewisham, Deptford (Joan Ruddock), and I know her long-standing personal commitment to this subject. However, in the past we have seen a plethora of schemes, consultations, tests, experiments and pilot projects. The question should not be how many schemes were introduced but what they delivered.

When we look back over the past few years, of course we recognise things that have been done well, but fuel poverty doubled from its base of 2 million households in 2004 to 4 million in 2007, and it is probably at 5 million now. The energy efficiency of our homes is still among the worst in Europe. When there was an opportunity to welcome the green deal into the Energy Act 2010, the then Government voted it down. There was no Government leadership in saying, "We can show the way forward by requiring all Departments to reduce their carbon emissions by 10% in a year." Perhaps one of the most telling indicators of all is that in five years, we did not have a single debate on energy efficiency in the Government's name. Our concern is not the intent, good will and hopes that the right hon. Lady had, but whether the previous Government had the magnitude of ambition that the issue requires.

Now we are talking not about a few thousand homes being made energy-efficient but about 14 million homes across the country that are currently poorly insulated and need to be brought up to the right level. That is not tinkering, it is a fundamental rethink of the approach that we take. As the Minister of State, my hon. Friend the Member for Bexhill and Battle, said, that is a step-change in the Government's ambition.

The hon. Member for Cheltenham (Martin Horwood) made an extremely thoughtful and measured speech. He talked about the lack of skills, a point that the hon.

Member for Brent North (Barry Gardiner) took up. I can confirm to the hon. Member for Cheltenham that our hon. Friends in the Department for Business, Innovation and Skills are considering whether colleges should be able to self-accredit and whether we can deliver the change that he mentioned.

The hon. Gentleman talked about the complex nature of the code for sustainable homes, and I agree with him that simplicity should be an important part of our approach. We want to drive that through, because if we are to carry people with us, they have to understand what is being asked of them. He talked also about smart metering, as did my hon. Friend the Member for Bournemouth East (Mr Ellwood). That will be critical not just to how we deliver energy efficiency but to how we deal with fuel poverty. We need to enable people to access the cheapest tariffs, and as in Northern Ireland, enable those on prepayment meters to have cheaper tariffs than others. The goal is not just smart metering but the prize of a smart grid, so that we can manage demand much more effectively and avoid the need to build new power stations by making optimum use of what we have.

I hope that the hon. Member for Sheffield, Heeley (Meg Munn) is satisfied by the offer that my ministerial colleague made to meet her to talk about her concerns in her constituency. We are very keen to understand the issue of thresholds and how we can take the most effective approach possible.

The hon. Member for Llanelli (Nia Griffith), the hon. Member for Southampton, Test (Dr Whitehead) and the former Minister, the right hon. Member for Lewisham, Deptford, spoke about how we could incentivise private landlords to improve their energy efficiency. We are absolutely determined to secure that through the green deal. There will be other policies on the matter as well, but we believe that the green deal provides an opportunity for good landlords to take the action necessary to improve the energy efficiency of their homes. It gets around the problem of their paying for an improvement from which they will personally get no benefit, because the funding mechanism addresses that. We hope that it can make a real change to disincentivisation, but we recognise that if it does not, further regulations may be necessary.

My hon. Friend the Member for Corby (Ms Bagshawe) talked about the need for transparency and many other matters. We understand the concerns that she and others have, and we will consider them further.

I have been able to respond to many of the issues raised in the debate. The Government are driving forward a clear agenda for change, and I am pleased that we have the good will and support of the House in taking it forward. I again commend colleagues who have made their maiden speeches, and I reassure those whose points have not been responded to that we will write to them with a full response. This has been an outstanding debate on a key issue, and I am very pleased that we have had the chance to have it so early in the Parliament.

7pm

Motion lapsed (Standing Order No. 9(3)).

Mr Wayne David (Caerphilly) (Lab): On a point of order, Mr Deputy Speaker. This afternoon, in the Welsh Grand Committee, the Government suffered their first defeat of this Parliament. By 21 votes to seven, the proposition that the Committee had considered the matter of the Government's legislative programme and the Budget statement as they relate to Wales was rejected. In the light of that, will you use your good offices to ensure that another meeting of the Welsh Grand Committee takes place in order to consider these issues?

Mr Deputy Speaker (Mr Lindsay Hoyle): That is not a point of order for me. The hon. Gentleman has now put the matter on the record, and we will leave it at that.

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith (Standing Order No. 15).

That, at this day's sitting, proceedings on the Motion in the name of Sir George Young relating to Select Committees (Membership), may be proceeded with, though opposed, until any hour.—*(Stephen Crabb.)*

Question agreed to.

Select Committees (Membership)

7.1 pm

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I beg to move,

That the following amendments to Standing Order No. 152 (Select committees related to government departments) shall have effect for the remainder of the present Parliament:

In the table in paragraph (2), in the final column (Maximum members)

(1) leave out '11' and insert '12', in respect of:

(a) the Defence Committee,

(b) the Justice Committee and

(c) the Welsh Affairs Committee;

(2) leave out '11' and insert '13' in respect of the Treasury Committee; and

(3) leave out '13' and insert '14' in respect of the Northern Ireland Affairs Committee.

The House will recall that the Government brought forward proposals on 15 June to increase the membership of the Defence, Justice and Treasury Committees from 11 to 16 members and of the Northern Ireland Affairs Committee from 13 to 14 members. These proposals were offered in good faith, with the intention of securing proper representation for smaller parties on certain Select Committees. However, they were resisted by the elected Select Committee Chairs, who tabled amendments to remove the increases to 16 and to provide, as an alternative, a power for the Committee of Selection to increase the size of no more than three Committees by no more than two members.

The proposal was also strongly resisted during the debate on the business of the House motion by the hon. Member for Dwyfor Meirionnydd (Mr Llwyd) on the ground that it did not provide for Plaid Cymru to be represented on the Welsh Affairs Committee. The hon. Member for Perth and North Perthshire (Pete Wishart) also expressed reservations about the proposed motion.

We therefore undertook not to move the original motion, but to consult further and come back with new proposals. The membership of departmental Select Committees, including the party composition of the Committees, is for the Committee of Selection to propose and for the House as a whole to approve. The purpose of these changes in the maximum membership is to give the Committee greater latitude to accommodate smaller parties on the Committees concerned while still broadly reflecting the composition of the House.

The Government accept the view, expressed by the Wright Committee and the Liaison Committee, that smaller Committees are generally preferable. However, the Wright Committee also acknowledged the desirability of ensuring that smaller parties were properly represented. There is a clear tension between these two objectives, and I hope that the House can agree that these proposals represent a fair compromise between the two.

I especially wish to express my thanks to my right hon. Friend the Parliamentary Secretary to the Treasury for making efforts to secure a swift and satisfactory conclusion to negotiations.

In order to reflect our commitment to the Wright reforms, we propose that the changes should be limited to the current Parliament. No doubt the issue will need to be revisited anyway in the next Parliament, depending on the composition of the House. I hope that the House will be able to agree to the motion this evening so that the Committee of Selection can nominate members and the Committees can get on with their work.

7.4 pm

Ms Rosie Winterton (Doncaster Central) (Lab): I thank the Deputy Leader of the House for tabling this motion proposing changes to the maximum number of members of Select Committees. As I think that this is the first time that we have faced each other at the Dispatch Box, I also take this opportunity to congratulate the hon. Gentleman on his appointment as Deputy Leader of the House.

The report on rebuilding the House identified the importance of the inclusion of the minor parties and independents on Select Committees and we are grateful for the work that has been done through the usual channels to address that issue. It is now right for the House to consider the motion so that the minor parties and independents can be accommodated on those Committees, thereby ensuring their participation.

7.5 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): It is a pity that we have to have this motion, because it departs so markedly from the Wright Committee recommendation that, in the interests of working effectively and not making too many claims on the pool of available Members, Committees should have nine or, at most, 11 members. The elected Chairs of Committees have a strong view that we should not be departing from the Wright recommendations. Of course, when we saw the motion to increase Committee membership to 16, we thought it hard to imagine a more dramatic departure from what Wright recommended.

There has been a continuous process of modification which later led to the proposal that a series of Committees should have two extra members. That was then further modified to a motion in which only one Committee had two extra members and a number had one extra member. That was further modified on Monday night when I asked the Leader of the House to include the provision that it would apply only for this Parliament, which has been claimed as a success by my hon. Friend the Deputy Leader of the House. I genuinely welcome the willingness of the Leader of the House, his deputy and the Patronage Secretary to try to resolve this matter. However, the view of Committee Chairs is that this matter could have been resolved within existing allocations had parties been prepared to make adjustments to meet the needs of minority parties.

In fact, the Conservative party has done that, because the penultimate stage of the discussions involved an additional Conservative Member to match the fact that there was an additional Opposition Member represented by the addition of a minority party Member. Committee Chairs are generally in favour of minority party Members being on Select Committees, and I look forward to having the hon. Member for Dwyfor Meirionnydd (Mr Llwyd) on my Committee, as I understand he intends to be. He will be a very good Member to have on the Justice Committee. However, had the Labour party been prepared to give up one or two places on Committees, we might not be where we are now. None the less, I am glad that my hon. Friend the Member the

Deputy Leader of the House has reasserted the importance of the Wright recommendation, and I hope that we will eventually return to the principle that we keep Committees reasonably small, with members fully involved in their work.

7.7 pm

Mr Heath: I am grateful to the right hon. Member for Doncaster Central (Ms Winterton) and my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) for their comments. I am pleased that we are able to apply a good dollop of common sense to what was required in order to ensure that all parties can play their proper parts in the workings of this House. I commend this motion to the House.

Question put and agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting Monday 5 July, notwithstanding Standing Order No. 20 (Time for taking private business) the Private Business set down by the Chairman of Ways and Means may be entered upon at any hour, and may then be proceeded with, though opposed, for three hours, after which the Speaker shall interrupt the business.—*(Mr Vara.)*

Ordered,

That, at the sitting on Wednesday 14 July, notwithstanding the provisions of Standing Order No. 16 (Proceedings under an Act or an European Union documents), the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Secretary Theresa May relating to Police Grant Report not later three hours after the commencement of proceedings on the Motion; proceedings may continue, though opposed, after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply.—*(Mr Vara.)*

PETITION

Dunstable Northern Bypass

7.8 pm

Andrew Selous (South West Bedfordshire) (Con): It gives me pleasure to present a petition calling for a Dunstable Northern bypass. The petition was organised by Dunstable town council and others.

The petition reads:

The Petition of Dunstable Town Council in the constituency of South West Bedfordshire,

Declares that the town of Dunstable suffers serious traffic congestion; further declares that a link road between the A5 and M1 would relieve this congestion; and notes that HM Treasury approved this link on 9 December 2009.

The Petitioners therefore request that the House of Commons urges the Government to commence without delay the A5-M1 link as approved by HM Treasury on 9 December 2009.

And the Petitioners remain, etc.

[P000840]

A5 to M1 Link

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

7.9 pm

Andrew Selous (South West Bedfordshire) (Con): I am grateful to Mr Speaker for giving me the chance to raise with the Minister responsible for roads the vital need for the A5 to M1 link. When I made my maiden speech, on 2 July 2001, I stressed the urgent need for a bypass for Dunstable, Houghton Regis and the surrounding villages. I also stressed its importance to Leighton Buzzard as a business location. The need for a bypass in Dunstable is not new; indeed, the first mention of congestion in the town that I have been told about is in a 1924 newspaper article that talked about the traffic bottleneck in Dunstable. My predecessor, Sir David Madel, who was the Member for South West Bedfordshire for 31 years, from 1970 to 2001, also campaigned for a bypass for Dunstable throughout his time in Parliament.

Not long after my election, I presented another petition to the House, signed by 25,000 of my constituents—more than elected me in 2001—calling for the urgent need for a bypass to be addressed. I was therefore delighted when, in July 2003, the then Secretary of State for Transport—now the shadow Chancellor, the right hon. Member for Edinburgh South West (Mr Darling)—announced to the House that he was

"endorsing recommendations for improvements to some trunk roads of regional importance,"

one of which was

"a northern bypass for Dunstable".—[*Official Report*, 9 July 2003; Vol. 408, c. 1177.]

I asked him when the Dunstable northern bypass would be built. In reply, he said:

"In the past five years, there have been long and detailed studies, but the time has now come when we need to get on and implement them, precisely to remove some of the inconvenience and congestion and to deliver the improved safety about which he is concerned."—[*Official Report*, 9 July 2003; Vol. 408, c. 1195.]

I was therefore hugely disappointed when, at the end of the Parliament after which the then Secretary of State announced that the Dunstable northern bypass would be built, not a shovel had hit the ground.

It is a huge source of concern to me how long it takes for a new road to be built in this country. I understand that other European countries are able to build roads much more quickly. I understand that there is a much shorter delay between the announcement of a road being built and its completion in many of our competing neighbouring countries. One consequence of delay is that the cost escalates hugely, making even more demands on the public purse. The cost of the A5 to M1 link has virtually tripled since the first estimates back in 2003. I have spoken in the past of the near-Zimbabwean levels of inflation on major roads contracts. I understand that the Department insists on open book accounting, yet I cannot help believing that there must be cheaper ways for such roads to be built. I suggest that we need to take an urgent look at how genuine the competition is between road builders, to ensure that the Department and the taxpayer get real value for money in building new roads.

Sometimes I am tempted to think that the area that I represent has become, if not the land that time forgot, then the land that successive Governments have forgotten

[Andrew Selous]

to build the necessary infrastructure in. In the north of Bedfordshire, the county town of Bedford seems to have all the bypasses that it needs. I had not even heard of the village of Ridgmont, to the north of my constituency, until I was told that it was to receive its own much-needed bypass. As I will demonstrate shortly, the need for a bypass to the north of Dunstable is overwhelming for the residents of Dunstable, Houghton Regis and the surrounding villages, but a bypass is also essential for Leighton Buzzard.

Nadine Dorries (Mid Bedfordshire) (Con): My hon. Friend mentioned the village of Ridgmont. The bypass there has been gratefully received. Ridgmont is a village, and there are other villages in my constituency that will benefit hugely from the A5 to M1 link. Those villages will suffer from a lack of connectivity if the road to which he has referred is not built. Does he agree that it is imperative that the road should be built, not just for his constituency, but for the whole of Bedfordshire?

Andrew Selous: I am grateful for my hon. Friend's support. The road will also benefit major towns such as Aylesbury, in providing fast direct access to the national motorway network.

I do not want Ministers or officials at the Department for Transport to think for one moment that the Luton-Dunstable busway will provide the answers to the problems of congestion, retail decline and lack of business growth in Dunstable and Houghton Regis. It will not. The only hope to secure economic regeneration to provide much needed jobs for my constituents and to provide much needed local housing is for the A5 to M1 link to be built urgently.

The need for the A5 to M1 link can be demonstrated by many examples of life in Dunstable. Dunstable high street has 56 empty shops in it because of the length of time it takes for shoppers to get into and out of the town centre. Some reductions in business rates have been granted as a result, which obviously means a loss of revenue to the Exchequer. During recent times of economic growth, every other area of Bedfordshire increased its level of employment between 2001 and 2008, but in South Bedfordshire there was a loss of 1,850 jobs—overwhelmingly due to congestion. Those figures are taken from the annual business inquiry data provided by the Central Bedfordshire council.

Major employers have closed down and left the area over the years and have not been replaced by sufficient numbers of new employers to provide the jobs that my constituents need today. Many of my constituents are forced to travel out of the area to find work, thus making congestion even worse.

Congestion is bad both for travellers going north-south on the A5 through Dunstable as well as for travellers heading east-west on the A505 through Dunstable. One story from a local shopkeeper illustrates this well. A customer was travelling east on the A505 along West street, trying to get to a shop in the Quadrant shopping centre in the middle of Dunstable. He was stuck in traffic as so often happens; he rang the shop keeper who left his shop, crossed the middle of Dunstable, gave him the goods as he was stuck in traffic in his car. That customer then turned round in the road, and drove out of Dunstable never to come and shop in the town again. How can the shopkeepers of the town I am proud to represent make a living when they are faced with an infrastructure deficit as bad as that?

The economic benefits of building this road have been estimated by both the Highways Agency and the East of England to be very significant. Central Bedfordshire council, with its private sector developers, also intends to build the Woodside industrial estate connection road from the new junction 11A, which will not require Department for Transport funds.

Kelvin Hopkins (Luton North) (Lab): I am most grateful to the hon. Gentleman for giving way, and I support everything he says. Does he accept that what he is suggesting will also bring enormous benefits to the town of Luton, especially when the bypass right across north Luton is built?

Andrew Selous: The hon. Gentleman is absolutely right, and I am grateful for the support from him and from Luton borough council on this matter.

This road will greatly ease congestion in Dunstable and lead to much lower pollution levels and a better quality of life for those who live and work in the town centre. Dunstable and Houghton Regis will once again become towns that people can easily get in and out of to do business, shop, see their friends and socialise. This will greatly help all the shops in the town, as well as attracting many new employers to the area and persuading existing employers to expand their operations locally.

The improvement in air quality in the town centre should be significant and GPs from my own practice in central Dunstable tell me that levels of asthma among children living near the heavily congested A5, which runs through the centre of Dunstable as the town's high street, are much higher than for children who live further away.

It has been estimated by the Highways Agency that the total economic benefits are in the region of £684 million, against the cost of £135 million. The Highways Agency says that there will be £263 million-worth of economic benefits for business users and £302 million-worth of benefits for consumers, while a study commissioned by the East of England and carried out by the consultants W. S. Atkins said there would also be a further £190 million of wider economic benefit. All those figures are at 2002 prices, following the Department for Transport's guidance to enable common comparisons to be made. It is also estimated that the road will bring 5,750 extra jobs to be created through the release of new employment land, and I understand that a proposed rail freight depot at Sundon, creating a further 1,100 to 1,800 jobs, is also not likely to happen unless the A5 to M1 link is built.

I am very conscious that a string of figures can seem very dry and technical, but the fact is that this new road has the potential to change the lives of my constituents for the better. Let us think of the mother in Dunstable who told me recently that her 18-year-old son had knocked on the door of every employer in the town to be told there was no job for him locally. I believe that this road will make a difference for that young man, as well as for very many others.

The reason why the private sector developer is prepared to put in such significant private funding is that the road will enable 5,150 dwellings, which are essential to

meet local affordable housing need, to be built. The A5 to M1 link will also enable other new housing developments to be built, thus greatly addressing housing need.

Concern has been expressed locally about the decision to suspend the public inquiry, at which I was due to give evidence this Friday in strong support of this much needed road. I understand why the Government have had to suspend public inquiries to ensure that the funding is available for those inquiries that do proceed. I am greatly heartened, however, by the fact that there is the offer of very substantial funding to pay for junction 11A and the Woodside industrial estate connection road from a local private sector developer. That offer is an example of exactly the type of public-private sector partnership for which both the Prime Minister and the Chancellor of the Exchequer have called. The offer will make the economic benefits I have described even greater as the cost to the public purse is significantly cut. I know that Department for Transport officials will tomorrow meet officers from Central Bedfordshire council and representatives of the private sector developer to discuss how this vital road can be taken forward.

I look forward to hearing what my hon. Friend the Minister has to say in reply. My constituents are reasonable people and understand that this Government have to be responsible with our public finances. My constituents have been patient and long-suffering over many years as the infrastructure that they have needed for their towns and villages to flourish has been denied them. They understand the need for the Government's current spending review, but they also need to know that things will get better for them and that this road, which the previous Government agreed to build on 9 July 2003, will be built, and will be built soon. I will listen with hope and expectation to what my hon. Friend, who I know to be a conscientious and hard-working Minister, has to say.

7.21 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): It is a great privilege to be responding as the roads Minister this evening in my first Adjournment debate. I congratulate my hon. Friend the Member for South West Bedfordshire (Andrew Selous), who is my constituency neighbour, on securing the debate, and on the double whammy of having also presented a petition on the same subject tonight. I have been a Member of Parliament for five years, but I have not witnessed that before, and I suspect many colleagues might see it as a way forward. May I also congratulate other Members who have been campaigning hard on this issue, especially the two Members who are present this evening: my hon. Friend the Member for Mid Bedfordshire (Nadine Dorries) and the hon. Member for Luton North (Kelvin Hopkins)?

This scheme is currently under formal statutory process, so it would not be appropriate for me to discuss it in greater detail than I have done in correspondence with my hon. Friend the Member for South West Bedfordshire. I will do my best within the restrictions, but I must not risk prejudicing the public inquiry process, if and when it starts.

As my hon. Friend said, the A5-M1 link road scheme has been part of the roads programme since 2003. It has been promoted to address traffic congestion on the A505 and the A5 in the centre of Dunstable, an area that I know well myself—I have been stuck in the traffic there. This is also part of the core trunk road network linking London and the south midlands, and it is a key road corridor for long and medium-distance traffic travelling south from Milton Keynes through Dunstable to the M1, forming part of the historic London to Holyhead trunk road. The A505 to the A5 and the A416 are also affected by this scheme.

As a result of being part of these key transport links, which facilitate the movement of large volumes of traffic, parts of the A5 have become heavily congested, particularly Dunstable high street. I am also conscious that Luton has been affected as well. Interestingly, and probably unsurprisingly, the A5 has a high accident rate. That might be a result of the congestion and of drivers speeding away from that. This morning the accident rates were produced by constituency for the first time, so Members can see the figures for roads in their area. I look forward to hearing their ideas as to how we might overcome traffic problems and improve road safety throughout the road network.

The Highways Agency proposes a new 2.79 mile-long two-lane dual carriageway from the A5 to a new junction 11A on the M1 north of Luton. By offering an alternative link to the motorway, the proposed A5-M1 link road would act as a northern bypass for Dunstable.

In September 2005, the Highways Agency appointed a contractor under the early contractor involvement initiative to take the A5-M1 link through the statutory process and construction phases. Also during 2005, the Highways Agency held a public consultation, and the preferred northern route was announced on 23 February 2007. The scheme was subsequently developed, leading to the publication of draft orders on 9 December 2009. That is where my restriction lies; I must not prejudice the public inquiry because of those draft orders. Under the previous allocation criteria for Highways Agency road schemes, the A5-M1 link was classified as a route of regional importance. Funding decisions on all schemes remain within the remit of the Secretary of State for Transport, irrespective of whether private funding is coming in. If public funding is involved, the decisions are part and parcel of his remit.

I am very personally aware, and not just because of the excellent lobbying that has been done by hon. Members representing constituencies in this part of the world, that the A5-M1 road link is considered a priority. If I were the MP for South West Bedfordshire or for Mid Bedfordshire, I would be sitting on those seats and I would be having this debate tonight, because that is exactly what a constituency MP should be doing. I was also very conscious of the fact that my hon. Friend the Member for South West Bedfordshire was aware of the problems and restrictions that I face at the moment.

The scheme proposes to construct a new junction 11A, which would allow a connection with the proposed northern bypass and a connection that joins the A5-M1 link at the eastern end. I wish to deal with some of my hon. Friend's concerns at this point. I pay tribute to the enthusiasm of not only my hon. Friend and his colleagues on both sides of the House, but the local authorities in Bedfordshire, and to the importance that they attach to the scheme. I recognise that my hon. Friend has been a long-standing and vocal supporter of the scheme; I believe that this is the fourth Adjournment debate that he has had—

Andrew Selous: Hopefully the last.

Mike Penning: It may well be the last.

My hon. Friend has recently asked a number of questions of the Secretary of State, and I have tried to answer them in as much detail and with as much explanation as possible. I am sure that more will follow in the next few weeks, as is right and proper.

I am pleased to have the opportunity to respond to concerns following the Government's announcement on 10 June. I am sure that all hon. Members will feel that it was personal to them when the roads programme was suspended and all public inquiries stopped. The rationale behind the move was nothing personal in respect of any particular scheme. The decision had to be made on the basis of whether I could guarantee, and the Secretary of State could guarantee, the funding for a programme, subject to the spending review that will not be with us until October. I could not put forward public money for public inquiries without knowing whether the funding would be in place in the future for a road programme. Where we are using taxpayers' money, it is important that we are diligent as to how it should be spent.

I know that that decision was a great disappointment, not only to my hon. Friend, but to the many people around the country who are involved in the many schemes and are lobbying me extensively every time that they bump into me. That is right and proper, but the supporters of schemes must understand how hard it is in this difficult financial situation that the previous Government have left us in. We have to be very diligent in determining how money is spent and we must not spend money in advance of its being allocated.

The reasons for postponing the public inquiry and not reinstating it even when there was an offer of partial funding from the private sector for this is that the programme would still have also contained much public funding. As I said, it would not be proper for us to go ahead with the public inquiry, irrespective of whether funding was coming from sources other than central funding, without knowing that we had the money to go forward. This part of the programme is only part of the project on the M1, and it is important that we have this scheme together when it goes before the public inquiry, should that happen.

As a general policy, we have therefore decided that forthcoming public inquiries throughout the country will be postponed for the time being. Our aim is to provide an indication of the way forward for all schemes once the spending review has been completed. Postponing the public inquiry into the A5-M1 link is entirely consistent with that programme around the country and we have taken a similar position with all other schemes.

The consequences of the delay are significant. I am conscious of that fact and I know that there is disappointment about this scheme and other schemes. Should the Secretary of State decide that the scheme should go ahead, it will not be possible to construct the A5-M1 link scheme in accordance with the timetable originally planned. In particular, it will be no longer possible to optimise construction with the works currently under way on the M1 between junctions 10 and 13, as previously intended.

The delay in the A5-M1 link will mean that there will be an increase in the cost of the scheme. We know that. It is not something that we wanted to happen, but it had to be that way otherwise we might have gone ahead with a programme for which we did not necessarily have the funding. I fully recognise how unfortunate and difficult it is for people who have been waiting so long for the scheme to go ahead, but with the funding uncertainties, it remains difficult—impossible, really—for us to go ahead with the public inquiry.

The Highways Agency will review the programme with the aim of minimising the time and cost consequences should the Secretary of State go ahead with the programme. Central Bedfordshire's offer of funding, as I said earlier, was very welcome. My hon. Friend the Member for South West Bedfordshire has touched on something here that we can take forward with other programmes as regards how we engage the local community much more and how programmes can be seen to bring better bang for our buck, as it were, when so much public money is being spent.

I am also pleased that, as my hon. Friend knows, tomorrow there will be a meeting of my officials with the developers and others so that we can see what is on the table and what programmes are available. I keep having to put in the word "should", because that is the way that it has to be, but should the programme go forward we will know better very early on how it can be taken forward.

The funding proposals described in the letter from my hon. Friend to the Secretary of State are of interest and I have asked my officials not only to have the initial discussions in the meeting tomorrow but to try to flesh out how they could be taken forward. But—I have to come back to this—it does not provide a sufficient basis to reinstate the public inquiry ahead of the spending review. I hope that my hon. Friend understands that.

The overall project would cost in excess of £150 million, approximately half of which would be for the new junction 11A on the M1. Therefore, even if developer funding were available to fund the cost of junction 11A in full, it would still be necessary for the Secretary of State to commit significant balances to the remainder of the scheme in order for the scheme to go forward. That is something that the Secretary of State is not prepared to do. I know that that has caused a lot of disappointment, but it is consistent with the way in which we have looked at all the projects around the country.

I should also add that if we were to reinstate the public inquiry now, it would not be able to start until the autumn due to the statutory time scales required. The delays would be back in place. That would mean that the construction programme would still be delayed beyond the previously planned start date. Nevertheless, there is scope for developer funding to improve the affordability of the scheme and to develop projects around the scheme and therefore its prospects within the spending review. I therefore consider it to be of the utmost importance that the scope of any funding support, with the whole programme available, should be developed as early as possible.

The way forward is for the benefits provided by the scheme to be considered carefully as part of the spending review. If the scheme remains a priority after the spending review and it can be delivered within the funding available

to the Department along with, possibly, funding from local authorities and the developer, the Highways Agency will develop a revised programme to take the statutory process forward—particularly the public inquiry—in liaison with regional stakeholders.

In conclusion, I am grateful to my hon. Friend for raising these issues here today as well as in correspondence with me, privately, behind the Speaker's Chair and at any other opportunity. I think that is right and proper and, as I said earlier, I would have done exactly the same if I were in his position because that is what a constituency MP does. He is not alone in his campaign: my hon. Friend the Member for Mid Bedfordshire and the hon. Member for Luton North, who are present, have also made their points. We have tried to be as fair as possible throughout the process. Having come to the Department only seven weeks ago, I have been very conscious of the need to make decisions early on, and the Secretary of State has been very conscious that we should be as consistent, open and public as possible throughout our decision making.

I hope that I have reassured my hon. Friend that the Department is aware of the importance of the A5-M1 link road scheme, and I hope also that he will appreciate the necessity of the Government not committing funds ahead of the comprehensive spending review. I look forward to having further discussions about this with him and other colleagues and officials—indeed, I will speak to officials tomorrow. I hope that by having this debate on the Floor of the House we have aired this issue, which is very important to his constituents and others, and I hope also that we will have an opportunity to look at the scheme properly when the spending review is finished.

Question put and agreed to.

7.36 pm

House adjourned.

House of Commons

Thursday 1 July 2010

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Energy-from-Waste Incinerators

1. **Nicky Morgan** (Loughborough) (Con): What his policy is on the building of energy-from-waste incinerators. [4933]

The Secretary of State for Energy and Climate Change (Chris Huhne): We support modern energy generation from waste where local communities want it and where it makes good environmental sense. It is the responsibility of local authority managers and planners, and the local authorities themselves of course, to decide on the best waste management arrangements in their areas. Recognising the concern that incineration can raise, the Government are committed to a huge expansion in energy from waste using anaerobic digestion, and we are taking steps to drive progress and greater ambition in that area. In Germany, for example, combustion recovery energy-from-waste plants provide 7.5% of renewable energy.

Nicky Morgan: I thank my right hon. Friend for that answer. In light of the policy, does he understand the concerns of my constituents in Shepshed, who are facing the building of an incinerator at Newhurst quarry, which is both a site of special scientific interest and on the edge of the national forest, as well as another possible incinerator not 6 miles away? Will he encourage local authorities seriously to pursue alternative waste management strategies?

Chris Huhne: I am grateful to my hon. Friend for her question. The latest scientific evidence on the health effects of modern municipal waste incinerators—this might be reassuring for her constituents—was reviewed independently by the Health Protection Agency. Its report, published in September 2009, concluded that although it is not possible to rule out adverse health effects completely, any potential damage from modern, well-run and regulated incinerators is likely to be so small as to be undetectable.

Chris Leslie (Nottingham East) (Lab/Co-op): I commend to the Secretary of State the report on energy-from-waste issues by the New Local Government Network, which I had a hand in writing a couple of years ago. In particular, will he consider ameliorating some of the concerns that residents can have about incinerators, even the new generation incinerators? Although, as he says, they can be quite successful, local people get very concerned about them. Given the controversies that can arise, giving back to local residents the proceeds from the sale of some of the energy generated could make them slightly more palatable.

Chris Huhne: That is certainly an interesting model. It has been tried with other schemes, such as with wind turbines. I know of a wind farm in the highlands where that was the case. It certainly helps to get local support for particular schemes. However, fundamentally it has to be a local decision for the local authority. Local authorities know very well that we want to recycle first before going through to waste and energy recovery, but very high rates of recycling and energy from waste can co-exist. In the Netherlands, for example, there is a 65% recycling rate with 33% energy from waste. Local authorities must make their own decisions on this, but if they get the waste hierarchy right they can get the whole mix right.

Nuclear Power

2. **Ian Lavery** (Wansbeck) (Lab): What plans he has for the development of nuclear power in the UK. [4934]

The Secretary of State for Energy and Climate Change (Chris Huhne): The Government are committed to removing any unnecessary obstacles and allowing the construction of new nuclear power stations to contribute to our energy security and climate change goals, provided that they receive no public subsidy. The Government will complete the drafting of the nuclear national policy statement, which will be put before Parliament for ratification as soon as possible. The Office for Nuclear Development continues. The Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark), has announced a new streamlined system to replace the Infrastructure Planning Commission. We will publish an updated timetable for the production of all national policy statements, including the energy national policy statements, later in the summer. On new public subsidies, the former and new Chief Secretaries to the Treasury have pointed out that there is no money left.

Ian Lavery: The Secretary of State has referred to nuclear power and nuclear energy as a tried, tested and failed source of energy with huge costs and huge risks. That is in stark contrast to the policy of the Tory Government. Given this huge conflict in policies within the coalition, will the Secretary of State tell the House what impact those differences will have on the future energy requirements of the UK and, in particular, on the development of new nuclear plants?

Chris Huhne: The hon. Gentleman knows that it was precisely because there were very clear differences between the Conservative part of the coalition and the Liberal Democrat part of the coalition that we dealt with that as one of the key issues—we reached agreement on how we would treat it—in the first coalition agreement. We set out very clearly that there will be a framework in which there will be no public subsidy for nuclear, but

that if investors come forward with proposals they will without any doubt be able to get them through the House of Commons, as there is a majority on the hon. Gentleman's side of the House in favour of nuclear power, and the Conservative party is in favour of nuclear power.

I must say that the hon. Gentleman does a slight injustice to my personal position, which has been very clear. As an economist, I am sceptical about the economics of nuclear power, but I recognise that it is entirely up to investors to make that decision. If there is no public subsidy and if investors think that it is worth taking the risk, as they increasingly do, looking forward to rising oil and gas prices and a rising carbon price, they will take those decisions.

Mr Speaker: I am sorry, but I must tell the House that progress is simply too slow. We need snappier questions and snappier answers.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Will my right hon. Friend reassure the House that he will not be put off building nuclear power stations by exaggerated fears of the dangers of disposing of nuclear waste in one or two sites, especially as those who promote those fears seem to have no doubts about the problems of sequestering CO_2 from carbon storage and capture in thousands of sites for thousands of years?

Chris Huhne: My right hon. Friend makes a very good point about the importance of continuing the Government's efforts to deal with the legacy of nuclear waste and decommissioning as a reassurance to those involved in new nuclear build that the problem will be dealt with properly. The Government have that very much in hand.

Edward Miliband (Doncaster North) (Lab): Can the Secretary of State explain why it was right to give a grant to Nissan to make electric cars—a proposal we support—but wrong to provide a commercial loan to help a British company, Sheffield Forgemasters, to be at the centre of the nuclear supply chain, particularly in light of the admission by the Minister of State, Department for Business, Innovation and Skills, the hon. Member for Hertford and Stortford (Mr Prisk), that £110 million would have come back to the Government from that loan and that the Government would have got extra money if the company had made a profit?

Mr Speaker: The Secretary of State will keep his answer within the confines of nuclear power.

Chris Huhne: The right hon. Gentleman knows that the loan to Sheffield Forgemasters was not a commercial loan. If it had been, it would have been arranged through the banks and not the Government. It was precisely because of the public subsidy element and the fact that that was not affordable that the Government decided not to proceed with it.

Edward Miliband: The Secretary of State is quite wrong about this, because the money was set aside from the strategic investment fund. A process was gone through at the Department for Business, Innovation and Skills about whether the loan would give value for money, and the Industrial Development Advisory Board concluded that it would be. Is not the truth that we have a combination of the short-sightedness of the Conservative party, which sees no role for Government in creating the green industries of the future, and the prejudices of the right hon. Gentleman against nuclear power?

Chris Huhne: I assure the right hon. Gentleman that my prejudices, whether they exist or not other than in his imagination, did not enter into this decision. It was simply unaffordable in the context of the fiscal legacy that he and his friends left this House. We have it on no less an authority than his colleague the former Chief Secretary to the Treasury that there is no money left.

Wind Farms

3. **Matthew Hancock** (West Suffolk) (Con): What plans he has to take account of local public opinion in determining the location of onshore wind farms. [4935]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): We want communities to benefit directly from any wind farms that they host. That is why we will allow councils to keep the additional business rates paid by wind farms and support communities in having a stake in appropriately sited renewable energy projects such as wind farms.

Matthew Hancock: I thank the Minister for that reply. Is he aware of the proposal to build a wind farm near to Stoke by Clare in my constituency, which is in the area of the country that was most often painted by John Constable? What powers will local people have to decide whether that would be appropriate?

Charles Hendry: I am very much aware of that proposal because my hon. Friend has been so assiduous in promoting the concerns of his constituents. We are very keen to ensure that such developments have local support. We want to see more local community partnerships in this area and more financial benefit going to those communities. Of course, planning decisions should take account of environmental concerns as well.

Albert Owen (Ynys Môn) (Lab): The Secretary of State has mentioned the coalition Government's new streamlined planning policy. Does that include, in relation to wind power and large wind farms, a Welsh dimension? Will the Welsh Assembly Government be consulted on it and will there be Welsh representation on the new planning unit?

Charles Hendry: We have had discussions with members of the Welsh Assembly Government and we are keen to find a way of continuing to make key infrastructure decisions within the Department of Energy and Climate Change, but of course we understand the desire of local communities in Wales to have their voices fully heard.

Harriett Baldwin (West Worcestershire) (Con): In addition to considering the opinions of the public and residents regarding the location of wind farms, does the Minister plan to give any guidance to local councils on how close to private homes such wind farms may be built?

Charles Hendry: We have looked at that issue. It seems rather peculiar to set a minimum distance for a wind farm but not for a nuclear power station. We need sensible and sound national policy guidance that enables local councils to make the appropriate decisions, but we will continue to look at all the environmental issues relating to the applications.

Joan Ruddock (Lewisham, Deptford) (Lab): The Conservative manifesto said that 15% of energy should come from renewable sources such as wind. The Secretary of State said that the proportion should be 40%. Who won?

Charles Hendry: The right hon. Lady is very much aware that we have a legally binding requirement from the EU that renewable sources must supply 15% of our total energy needs by 2020. The former Labour Government set a target for achieving that, whereas we are working out how to deliver it—something that they signally failed to do—in order to make sure that we have a robust policy that stands the test of time.

Joan Ruddock: So the Tories won again. In our manifesto, we said that every council should have a local target to help meet the national target, which was indeed 15%. The Liberal Democrats agreed with that. Is that now the Government's policy, or have the Tories won again? Will Liberal Democrat and Tory councils still be saying, "Not in my back yard"?

Charles Hendry: The right hon. Lady fails to understand how the coalition works. We have—*[Interruption.]* We have identified ways to work very constructively together. We are absolutely committed to the principle of localism, which means allowing local people, communities and councils to decide on the issues that affect them most. That lies at the heart of our approach, but we are working out how to deliver on our policies—something that she significantly failed to do in government. It is fine to have ambitious targets, but without the real road map for 2020—and way beyond, to 2050—that we are putting in place, there was no hope of delivering on her high ambitions.

Energy Supply Security

4. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What steps he is taking to increase the security of the UK's energy supply. [4937]

The Secretary of State for Energy and Climate Change (Chris Huhne): The coalition agreement set out that we will reform energy markets to deliver security of supply and investment in low-carbon energy, and to ensure fair competition, including a review of the role of Ofgem. We will instruct Ofgem to establish a security guarantee of energy supplies, and we will give an annual energy statement to Parliament to set strategic energy policy and guide investment.

In addition, we are bringing forward a green deal as part of the key legislation for the first Session. That will help to close the gap between energy demand and supply in the cheapest way possible, through energy-saving measures.

Nadhim Zahawi: I thank my right hon. Friend for that reply. He is an economist, and I am an engineer—

Mr Denis MacShane (Rotherham) (Lab): A financial engineer!

Nadhim Zahawi: Actually, I am a chemical engineer. I believe that engineers should be taken into account when energy security is under consideration. Would my right hon. Friend consider appointing a Government chief engineer to feed into the thinking process?

Chris Huhne: I have enormous respect for engineers. There are an awful lot of them in my constituency, which is a very manufacturing constituency. Therefore, I think and hope that the country will go on providing greater status to engineers than has often been the case in the past. I am afraid that the question of whether the Government should appoint a chief engineer is above my pay grade, but perhaps my hon. Friend would like to raise it at Prime Minister's questions.

Malcolm Wicks (Croydon North) (Lab): The UK's energy import dependency will increase over the next 10 or 20 years, at a time when global demand for energy could increase by 40% over 10 or so years. Given that, what plans are there to reorganise the machinery of government, so that DECC, the Foreign Office, the Ministry of Defence and other agencies can get a better assessment and grip of the geopolitical risks that the UK faces?

Chris Huhne: I am very grateful for that highly intelligent question which, given his interest in this area, is what I would expect from the right hon. Gentleman. The National Security Council is explicitly charged with the co-ordination of energy security. That will go across Government: it will not be confined to my Department, but will include the Foreign Office and other interested Departments.

The right hon. Gentleman is absolutely right, in that the figures show that, on the worst possible projections, our energy import dependence may well rise from 27% to over half in the space of just 10 years. This is a really key issue, which we need to address.

Green Jobs

5. **Alex Cunningham** (Stockton North) (Lab): What discussions he has had with ministerial colleagues on increasing the number of green jobs in the economy. [4938]

The Secretary of State for Energy and Climate Change (Chris Huhne): The move to a low-carbon and eco-friendly economy is a key priority for the coalition Government. Issues relating to increasing the number of green jobs in the economy were discussed when I met my right hon. Friend the Secretary of State for Business, Innovation and Skills in June, recently in the context of low-emission vehicles when I met the Secretary of State for Transport, and at the regional Cabinet on Tuesday.

Alex Cunningham: I am grateful for the answer. North-east England and in particular the Tees valley have major opportunities to develop green jobs and approaches to energy generation that could make a significant contribution to the national economy. That would be

further boosted if the Government stood by the Lib-Dem election promise of £400 million-worth of investment in former shipyards to create those green jobs. Can he please tell me what commitment there is to support the development of demonstration activities such as carbon capture and storage, and to the investment promised by the Lib-Dems but omitted from the coalition's programme for government?

Chris Huhne: Let me make it clear that we continue to be committed to carbon capture and storage, and the four demonstration projects are going ahead. It is a key part of our energy strategy for the future, because it is the swing form of electricity generation. If we have intermittent wind and nuclear comes on stream if investors make those decisions, which because of the economics will be running at full tilt, gas and coal carbon capture and storage will be the key elements. That is a clear commitment—I hope—across the House.

We are also looking at the provision through the ports competition scheme of facilities for offshore wind. I was particularly impressed when I recently visited the All Energy conference in Aberdeen and talked, for example, to Burntisland Fabrications about the way in which it has converted from oil and gas to offshore wind.

George Eustice (Camborne and Redruth) (Con): One of the projects in my constituency which has a great deal of potential to create green jobs is the wave hub project in Hayle. One of the obstacles to taking that forward is the lack of a strategic environmental assessment. Under the previous Government, the Department was slow to look at this issue. Is the Secretary of State willing to have conversations with officials about how to speed things up?

Chris Huhne: I am happy for my hon. Friend to write with the details. We will certainly do whatever we can to speed up the project. Wave is a key new technology which can provide us not only with our renewable energy needs but give the UK a real comparative advantage.

Emily Thornberry (Islington South and Finsbury) (Lab): Given that it has been admitted in a written answer that the coalition has no target for green jobs, would the Secretary of State like to borrow ours? It was 1.2 million by 2015.

Chris Huhne: I welcome the hon. Lady to her new role and I am glad to see that she is getting stuck in. I thought the whole point about new Labour was that it believed in a market economy. The last sort of organisation that set targets for jobs sector by sector was the Soviet Union's Gosplan, and we all know what happened to that.

Carbon Dioxide Emissions

6. **Gregg McClymont** (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): What recent estimate he has made of the likely cost to the public purse of the implementation of the Government's commitment to reduce the level of carbon dioxide emissions by 10% in the next 12 months. [4939]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The target will be met at no overall cost to the public purse. Where savings cannot be made through no-cost measures and behavioural change, Departments will be responsible for finding any additional investment in their existing budgets to deliver the Government's commitment, or using innovative shared saving contracts or similar energy service company—ESCO— arrangements. Showing real leadership in this area is an important part of our plan to be the greenest Government ever and will help us to deliver savings from reduced energy bills, but as I have said, it is only the first step in a long-term strategy to reduce Government emissions and increase efficiency across the whole public sector.

Mr Speaker: Order. I am sorry, but these ministerial answers are simply too long. Something has got to be done for next time. Let us get it right.

Gregg McClymont: In opposition, the coalition parties demanded a 10% reduction year on year in CO_2 emissions across the public sector. In government, they now pledge these reductions only across the central Government estate. Why the retreat?

Gregory Barker: The hon. Gentleman is slightly misinformed as to what we promised. We said that there was a clear need for Government to take responsibility for getting their own house in order, which the previous Administration signally failed to do in 13 years. We are committed to 10% in the coming year, but we see it as part of a much more ambitious longer-term strategy across the public sector.

Green Deal

7. **Andrew Stephenson** (Pendle) (Con): What steps he plans to take to introduce the proposed green deal on domestic energy efficiency; and if he will make a statement. [4941]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): In the emergency Budget the coalition Government confirmed their intention to establish a green deal for all households and for business. The green deal will enable individuals to invest in home energy-efficiency improvements that can pay for themselves from the savings in energy bills, without any up-front costs and without their incurring any form of personal debt or charge on their property. We have committed in the Queen's speech to legislate in a first Session energy Bill for finance tied to the energy meter, which should allow for the full green deal to be available by 2012. Only yesterday the Government announced that we are extending the carbon emissions reduction target through to the end of 2012.

Andrew Stephenson: I thank my hon. Friend for that very full answer. In my constituency many households are living in fuel poverty. Will my hon. Friend explain exactly how households will be able directly to access the grant to help tackle fuel poverty and reduce fuel bills?

Gregory Barker: The green deal is not a grant; it is designed to be repaid through the savings made on bills over 25 years. The beauty of the green deal is that, unlike any previous proposal, it will be totally unrelated to the household's ability to pay. It will simply be repaid, regardless of the credit scoring or wealth status of the individuals in the household. Of course, other measures will always be needed to make sure that fuel-vulnerable and hard-to-treat properties have direct financial support.

Mr Geoffrey Robinson (Coventry North West) (Lab): Is the Minister aware that another source of useful efficiency savings in the domestic sector would be ground source heat pumps, as part of the renewables initiative? I see the Secretary of State nodding. Through his Minister, I can tell him that a company in my constituency which is very big in this area has jobs that it can create and orders in hand that it is ready to commit to. It seeks a meeting with the Secretary of State; it is not for the Minister to reply on that, but I would be grateful if the matter could be taken seriously in the Department.

Gregory Barker: We are very supportive of new technology, and I am well aware of the potential of ground source heat pumps. We want to enable a whole universe of new technologies to be part of the renewables solution. If the hon. Gentleman's constituents would like to meet me, I would be very happy to do so.

Oil Fabrication Construction Sites

8. **Mr Charles Kennedy** (Ross, Skye and Lochaber) (LD): What recent assessment he has made of the potential for former onshore oil fabrication construction sites to be used for construction activity relating to sustainable forms of energy; and if he will make a statement. [4942]

The Secretary of State for Energy and Climate Change (Chris Huhne): Many UK sites have potential for development in areas such as offshore wind, as indicated in the "UK Offshore Wind Ports Prospectus", and for wave and tidal energy. Many of them are in Scotland, where the Scottish Government are currently taking a strategic approach to the sector.

Mr Kennedy: In thanking my right hon. Friend for that reply I draw his attention to the great potential offered by the Nigg site, which is built around the largest dry dock in Europe, and, on the west coast of my constituency, the Kishorn site, which successfully contributed to massive North sea oil platform construction in days gone by. Will my right hon. Friend work as closely as possible with the Scottish Government, the Highland council and Highlands and Islands Enterprise to promote internationally the interests of those two sites?

Chris Huhne: I am very pleased to reassure my right hon. Friend that my officials have already advised me about the potential for Kishorn and Nigg, and we will be working closely with all the relevant authorities to try to create the maximum number of jobs and make sure that their potential is realised to the full.

Mr Denis MacShane (Rotherham) (Lab): I welcome the Secretary of State's announcement. He was scornful about Gosplan a few moments ago, but there is a role for Government, as the right hon. Member for Ross, Skye and Lochaber (Mr Kennedy) indicated. The Secretary of State really cannot write Government out of government.

Chris Huhne: The right hon. Gentleman knows perfectly well that I am not one—nor are any of my ministerial colleagues—to write Government out of government. There is an enormous difference between the Government's facilitating and setting a framework for the development of decisions made principally by market actors and what the hon. Member for Islington South and Finsbury (Emily Thornberry) was suggesting, which was a sectoral jobs target. I have not seen that in any economy in western Europe or any developed market economy; it has been seen only in the former plan economies.

Electricity Transmission Lines

9. **Tessa Munt** (Wells) (LD): What his policy is on the construction of electricity transmission lines in designated landscapes; and if he will make a statement. [4943]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is for transmission network companies to put forward proposals for new transmission lines. The regulatory price control and planning processes then determine the appropriate balance between the need, costs and impacts of transmission lines in each location. Each case has to be considered on its merits.

Tessa Munt: I thank my hon. Friend for his reply. Is he aware that the people of Wells in particular and Somerset generally—some 26,000 people—are hugely dependent on tourism? That is inextricably linked with the environment, the landscape and people's health, and even though a large area of my constituency has the potential to become the 17th world heritage site, potential is not enough in itself to protect people from the environmental vandalism, attendant health risks and other matters that come with placing 152-ft pylons across the landscape.

Charles Hendry: My hon. Friend made those points very effectively in her eloquent maiden speech yesterday, on which I congratulate her. I know that she and her constituents will make active representations to National Grid during its consultation process. That is absolutely the right way for her to take her concerns forward, and I urge her to take every opportunity to do so.

Ian Lucas (Wrexham) (Lab): Have the Tory-Lib Dem Front-Bench team detected that their lofty ideals are being frustrated at every turn by every Government Back Bencher who is frustrating the development of a real green policy by constantly putting forward objections to any proposals for development in their constituency? How will the Minister solve that problem?

Charles Hendry: It is called local democracy, to which we are absolutely committed. If people have concerns about 150-ft pylons going through their communities, they should be able to express them. If people have

concerns about new development, they should be allowed to express them. We are trying to ensure a realistic balance between bringing on stream renewable energy sources, which are in the national interest, and allowing communities to express their views.

Carbon Capture and Storage

10. **Julian Smith** (Skipton and Ripon) (Con): What his plans are for expenditure on the development of carbon capture and storage technology for gas-fired power stations. [4944]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): I am grateful to my hon. Friend for his question. The Government will continue public sector investment in carbon capture and storage—CCS—technology for four coal-fired power stations. The Committee on Climate Change has recommended that we give serious consideration to funding at least one gas CCS project as part of that programme, and we are carefully evaluating whether a demonstration project on gas would prove beneficial and add value to the programme.

Julian Smith: Will the Minister confirm that the Government are committed to providing the long-term infrastructure investments that will make the Yorkshire and Humber CCS cluster a worldwide success?

Charles Hendry: My hon. Friend puts his finger on one of the most important issues that the previous Government failed to address. If we are to make a real success of carbon capture and storage, we have to develop the infrastructure of oversized pipelines and encourage clusters of those facilities in certain areas. We have to take a long-term strategic view, and a good deal of work is being done in Yorkshire and Humberside, on which I congratulate all those involved.

Katy Clark (North Ayrshire and Arran) (Lab): Has the Minister had any discussions with the Scottish Government about the development of carbon capture in Scotland, and in particular has he received any representations on the proposed new coal-fired plant at Hunterston?

Charles Hendry: I had an initial discussion with the First Minister last week, and we are determined to work closely through the respect agenda to ensure that the taking forward of devolved issues is fully within the Scottish Government's remit. We want clean coal to play an active part in our energy policy, but it must be genuinely clean coal.

Projected Electricity Generation

11. **Mr Philip Hollobone** (Kettering) (Con): If he will bring forward proposals to increase the surplus of projected electricity generation over demand after 2015. [4945]

The Secretary of State for Energy and Climate Change (Chris Huhne): It will be important to ensure that the UK has secure electricity supplies and an adequate capacity margin over the course of this decade and into the 2020s. Our programme for government is clear: we will reform energy markets to deliver an appropriate security of supply mechanism. The lights will stay on.

Mr Hollobone: Will the Secretary of State be kind enough to tell the House, how close we are likely to come, on current projections, to having major blackouts throughout the country in the second half of the decade?

Chris Huhne: We will come forward with a lot more detail on that in the annual energy statement, which the hon. Gentleman will be able to examine for himself, but I assure him, as I said, that the lights will stay on. Inevitably, as new generating capacity comes on stream we will see the margin increase, and as the economy recovers we can expect that margin to shrink. However, he should also bear in mind what is going on with energy saving and, particularly, the development of smart meters and smart grids, whereby in the long run there will be a possibility of, for example, turning off freezers during power peaks, to reduce the need for electricity generation.

Mr Speaker: I gently encourage the Secretary of State to face the House. I understand the natural inclination, but he must face the House and address the House.

Tony Lloyd (Manchester Central) (Lab): The Secretary of State's faith in market solutions is touching—like that of all those with great religious fervour. However, can he give an example of anywhere in the world where the market has actually allocated secure energy supplies?

Chris Huhne: The hon. Gentleman should first be aware of what happens with some of the schemes in the United States—we are looking at them very closely—where there is a forward market in supply. That ensures that distributors have to buy forward supplies, while they can also, for example, buy forward commitments to energy saving, and in that way assure security. However, I would not want him to run away with the idea that I am somehow a market fundamentalist. I merely pointed out to the right hon. Member for Rotherham (Mr MacShane) that there is an enormous difference between setting a good framework as regards this aspect of regulation and legislation and making micro-management decisions of the kind that the hon. Member for Islington South and Finsbury (Emily Thornberry) seems to want us to make.

New Nuclear Power Stations

12. **Mike Crockart** (Edinburgh West) (LD): What recent representations he has received on his plans to ensure that new nuclear power stations receive no public subsidy. [4946]

The Secretary of State for Energy and Climate Change (Chris Huhne): I am grateful to my hon. Friend for his question. The coalition agreement is clear that there will be no public subsidy for new nuclear power stations—a view that I have communicated to a variety of stakeholders with a diverse range of views. In particular, I have received strong representations from the Chief Secretary to the Treasury.

Mike Crockart: I thank my right hon. Friend for his answer. Does he agree that while the costs of generating nuclear power may well be competitive, there is still considerable work to be done to ensure that the costs—as yet unknown—of decommissioning and waste disposal are included in any calculations and do not end up posing a significant risk to future taxpayers?

Chris Huhne: My hon. Friend is absolutely right to highlight that matter. The effect of failing to take account of these costs can be seen very dramatically in my own Department's budget for dealing with the nuclear legacy of the very many years when we failed to make adequate provision for waste and decommissioning. It is precisely because of those warnings that we in the ministerial team are absolutely determined that that will not happen again.

Barry Gardiner (Brent North) (Lab): The Secretary of State implied that my hon. Friend the Member for Wansbeck (Ian Lavery) and the shadow Secretary of State were in some way misleading—in fact, I think he referred to fantasy—in their suggestions about his prejudice against nuclear power. Does he recall his own representation of 5 November 2007, in which he said,

"Ministers must stop the side-show of new nuclear power stations now"?

Can he reflect on that representation and see whether he is going to take it on board?

Chris Huhne: The hon. Gentleman knows very well that my line on new nuclear has always been based on scepticism about the economics. As he knows, no nuclear power station has been built on commercial terms anywhere in the world since Three Mile Island. That may be about to change because of the framework of prospective oil and gas prices and carbon prices. It is up to investors to take those decisions.

Carbon Emissions (EU Target)

13. **Greg Mulholland** (Leeds North West) (LD): What his Department's priorities are for the implementation of the EU's carbon emissions reduction target of 30% by 2020. [4947]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The Government believe that despite the current challenging outlook for a binding global agreement on carbon emissions, the EU should be taking a more ambitious leadership role. We will be urging our European partners to agree an early EU move to the 30% reduction target. That would put Europe firmly on a path to a low-carbon economy, stimulating innovation and efficiency and meeting the twin challenges of climate change and energy security. The details of how the EU would implement a higher target are yet to be agreed.

Greg Mulholland: I thank the Minister for that answer and for the leadership that the Government are giving on this issue. Can he give an indication of the realistic possibility of the EU's actually hitting that target; and are other countries as committed to it as we are in this country?

Gregory Barker: I think it is fair to say that we are taking a leadership role. There are concerns among other partners about moving to a more ambitious target, but we will be playing a very positive and constructive role in Europe, and we hope to persuade them of our strong argument.

Tristram Hunt (Stoke-on-Trent Central) (Lab): May I urge the Minister to come to Stoke-on-Trent in the near future to talk to the British Ceramics Confederation and pottery businesses to see how they are implementing their carbon reductions while trying to remain competitive in an increasingly globalised market?

Gregory Barker: I would be very happy to come to Stoke-on-Trent. It is important that as well as having an ambitious target we understand its impact, particularly on manufacturing industry and efficiency in a global marketplace.

Martin Horwood (Cheltenham) (LD): One of the most important European initiatives for our future energy supply and the efficient implementation of renewable energy is the European super-grid. The previous Labour Government equivocated over the super-grid; what is the view of this Government?

Gregory Barker: We can see the absolute merits of a super-grid, but we do not yet have a fully evolved policy. I am sure the hon. Gentleman will play a key role in helping that policy emerge.

Carbon Pricing

14. **Mr Mike Weir** (Angus) (SNP): What recent discussions he has had with his EU counterparts on carbon pricing; and if he will make a statement. [4948]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The current carbon price is simply not providing a sufficient incentive for low-carbon UK investment. That is one of the reasons why we are pushing for the EU to increase its target for cutting emissions to a 30% reduction by 2020. My right hon. Friend the Secretary of State discussed that when he met our European counterparts at the Environment Council on 11 June.

Mr Weir: I thank the Minister for that answer, but is not the truth that the floor in the carbon price is a way of giving a hidden subsidy to new nuclear power stations? Given the difficulties that already exist in the emissions trading scheme with the free permits being given to heavy industry, how will he convince European partners to go along with the idea? If he cannot, is it the Government's intention to introduce a carbon floor price in the UK alone?

Gregory Barker: My right hon. Friend the Chancellor of the Exchequer announced in the Budget that we would publish plans for a UK carbon floor price in the autumn. It is a key part of our plans for a transition to a low-carbon economy. We see that transition as an advantage and a competitive economic opportunity for the UK, but critical to that is providing a long-term strategic framework for industry to invest with confidence and certainty.

Energy Supply (Security)

16. **Christopher Pincher** (Tamworth) (Con): What steps he is taking to increase the security of the UK's energy supply. [4951]

The Secretary of State for Energy and Climate Change (Chris Huhne): I have to say, I thought we had had this question on security of energy supply before.

Mr Speaker: I say to the Secretary of State very gently that that does sometimes happen at Question Time. The fact that something has been raised once has never inhibited several colleagues from wanting to raise it over and over again—nothing new there.

Chris Huhne: Excuse my reluctance to be repetitive, Mr Speaker.

We are determined to increase the UK's security of supply, for precisely the reasons that I gave in answer to the hon. Member for Stratford-on-Avon (Nadhim Zahawi) earlier. Our energy import dependence will increase dramatically over the next 10 years as oil and gas production from the North sea gradually diminishes. We have to work on our renewables and on energy saving to try to ensure that we are energy-secure. One element of that is not just physical security but resilience against price shock.

Christopher Pincher: I am grateful to the Secretary of State for reminding me of his answer, but I shall ask him another question. Does he have any plans to support the development of greater gas storage in Britain, both as a means of enhanced energy security and as a method of developing our gas wholesale market?

Chris Huhne: My hon. Friend will perhaps be reassured to know that yes, plans are under way to increase gas storage. That is likely to continue. There needs to be greater gas storage, and that will help to provide us with greater security of supply.

Nuclear Power

17. **Meg Munn** (Sheffield, Heeley) (Lab/Co-op): What his policy is on the development of civil nuclear power. [4952]

The Secretary of State for Energy and Climate Change (Chris Huhne): The Government are committed to removing any unnecessary obstacles and allowing the construction of new nuclear power stations to contribute to our energy security and climate change goals, provided that they receive no public subsidy.

Meg Munn: Two weeks after the decision was made, will the Secretary of State finally tell the people of Sheffield whether the decision on Sheffield Forgemasters was taken because of that coalition policy of no public subsidy? Yes or no?

Chris Huhne: I can assure the hon. Lady that the decision on Sheffield Forgemasters was taken because the particular project concerned was simply not affordable. I refer her to the earlier answer that I gave, stating that not just the current Chief Secretary to the Treasury but the former one has assured us that there is no money left.

Wave/Tidal Energy

19. **Mark Menzies** (Fylde) (Con): What steps he is taking to encourage the development of wave and tidal energy technology in the UK. [4954]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): We are committed to harnessing the tremendous benefits that a successful wave and tidal renewable energy sector can bring to the UK and are considering specific measures, such as marine energy parks, to achieve that.

Mark Menzies: Will the Minister also take steps to ensure that, when it comes to wave and tidal power, Britain leads the world in that technology, and that we do not allow the technology and the jobs to go overseas?

Gregory Barker: The hon. Gentleman makes a key point. Under the last Government, 95% of the infrastructure and turbines for one of the largest offshore wind projects was built abroad. We cannot allow that to happen, and we have a policy of marine parks to ensure that that does not happen with this nascent, potentially world-beating British technology.

Nia Griffith (Llanelli) (Lab): Will the Minister reaffirm the commitment by his Government to the Severn estuary tidal project to make genuine use of the tidal power there? Can he give a progress statement on the consultation to date?

Gregory Barker: I understand the hon. Lady's interest in this potentially important project. Ministers are currently considering the evidence from the two-year cross-Government Severn tidal power feasibility study with a view to deciding whether the Government can support a tidal power scheme on the Severn estuary, and if so, on what terms. I cannot say anything today, but we expect to make an announcement shortly.

Topical Questions

T1. [4957] **Mr Christopher Chope** (Christchurch) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Chris Huhne): I have several engagements in the diary.

Mr Chope: That is a very reassuring answer—*[Laughter.]* Every family in this country is paying extra on its electricity bill to subsidise non-nuclear wind and solar power. Will the Secretary of State ensure that in future each electricity bill spells out in terms the extent of the extra money that that household has to pay to meet this Government's policies in relation to the renewables obligation?

Chris Huhne: There will be measures in the energy Bill that we will bring forward later in this Session to improve the transparency of electricity and gas bills. As part of the annual energy statement, we are also committed

to ensuring that there is complete transparency about the levels of cross-subsidy for all forms of activity in which the Department is involved.

Edward Miliband (Doncaster North) (Lab): May I say to the Secretary of State that the free-market philosophy that he increasingly embraces has led to the announcement this week of the abolition of the regional development agencies? There is real dismay across the country about that. How does he think the abolition will help to promote balanced economic growth and green jobs?

Chris Huhne: The right hon. Gentleman knows that we are very committed to ensuring that there is growth across the UK, especially in those regions where unemployment is high. That has been a focus of our activity. I do not think that the regional development agencies in their entirety are necessarily the best way of ensuring that, but we are going ahead with local economic partnerships and a range of other measures to ensure jobs and growth in the regions.

T4. [4961] **Duncan Hames** (Chippenham) (LD): The Environment Agency has just failed to make a determination on a much delayed application for a 100 KW hydroelectric scheme on the weir at Avoncliff in my constituency. Will the Secretary of State meet me to discuss the energy potential of the River Avon and how we can prevent the Environment Agency from being an obstacle to making progress in the future?

Chris Huhne: I am happy to meet my hon. Friend to discuss those issues. The Environment Agency has a statutory responsibility that it has to discharge in that case and I would not want to comment on its role.

T2. [4958] **Kerry McCarthy** (Bristol East) (Lab): The Minister will, I hope, be aware that there is real uncertainty and nervousness in the energy industry about the decision to scrap the Infrastructure Planning Commission, which is based in Bristol. What reassurances can he give me that whatever replaces that body will not delay the approval of infrastructure projects and will provide certainty to the industry so that it can plan ahead?

The Minister of State, Department of Energy and Climate Change (Charles Hendry): I hope the hon. Lady will have seen the reaction from the major energy companies this week to the statement made by the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark). It showed that there is absolute clarity. There will not be a delay and there will be a strict time scale for making decisions in these matters. However, we are determined to introduce greater democratic accountability and to ensure that the risk therefore of judicial review can be reduced.

T5. [4962] **Greg Mulholland** (Leeds North West) (LD): The loft insulation programme is most welcome from the point of view of saving money for households and for the environmental benefit. However, can the Secretary of State assure the House that there will be a particular focus on the vulnerable and those most susceptible to fuel poverty?

Chris Huhne: I am grateful to my hon. Friend for his question. Loft insulation is key. It has a very short payback period—less than a year in many cases—and he is absolutely right that there must be a focus, particularly on the fuel-poor. One of the great difficulties in this area is that the energy use among the people in the bottom decile of income distribution is enormously varied—it varies by a factor of six—which makes it particularly difficult to reach them. Insulation and energy-efficiency measures are key to dealing with that problem.

T3. [4960] **Mr William Bain** (Glasgow North East) (Lab): Does the Secretary of State accept one of the main recommendations of the independent Committee on Climate Change report this week, which is that the Government need to do more to support the development of electric-powered vehicles? If so, does he not agree that it would be a short-sighted cut were the subsidies for the purchase of such vehicles to be removed in the comprehensive spending review?

Chris Huhne: The Government are committed to bringing forward low-emission vehicles. As the hon. Gentleman knows, there is an Office for Low Emission Vehicles, which is run jointly by the Department for Transport, my Department and the Department for Business, Innovation and Skills, and we recently had a meeting on the subject to progress the agenda. He can be assured that we are completely committed to it.

Alec Shelbrooke (Elmet and Rothwell) (Con): I urge the Minister, when electricity smart meters are in place, to look strongly at insisting that new build houses have solar panel roofs, especially in social housing, which will help to reduce fuel poverty.

Charles Hendry: We are absolutely determined to move forward rather more quickly on smart metering. The position that we inherited—to roll out smart metering by 2020—was pathetically unambitious, and we are determined to bring it forward by some years. It will bring exactly the benefits that my hon. Friend talks about: encouraging microgeneration, helping with fuel poverty and really helping us to move towards a low-carbon economy.

T7. [4965] **Caroline Lucas** (Brighton, Pavilion) (Green): According to a recent Conservative party report, "Rebuilding Security", the party advocates "policies designed for hunting" new UK oil reserves as well as offering

"the right incentives to explore for and extract the remaining reserves of oil and gas"

Does the Minister agree that a moratorium on all new deep-sea offshore drilling is essential, at least until a full investigation into the spill in the gulf of Mexico has been completed?

Charles Hendry: I do not agree with the hon. Lady on this issue. We have in place in the North sea the toughest environmental regime in the world. In the light of the tragedy in the gulf of Mexico, we have doubled the number of inspections and increased by half the number of inspectors. We have a very tough regime and we have a national interest in ensuring that we get the best possible return from the natural resources in the North sea.

Miss Anne McIntosh (Thirsk and Malton) (Con): Drax power station takes an enormous amount of natural material from constituencies such as Thirsk and Malton. It is also a renewable power supply and reduces CO_2 emissions. How do the Government think we can increase and encourage expenditure in this exciting form of renewable energy?

Charles Hendry: I am seeing the chief executive of Drax almost immediately after Question Time today, so I will have the opportunity to explore that further with her. The co-firing of biomass can make an important contribution, but we have to be certain that it is done sustainably. There are questions about the great deal of shipping involved in the transportation of biomass, but it can certainly make a contribution to reducing our carbon emissions.

T8. [4966] **Tony Lloyd** (Manchester Central) (Lab): I am sure the Secretary of State would agree that not only is he responsible for energy but that, as far as climate change goes, he has a duty to drive this policy through every aspect of Government. In that light, can he tell the House how many times this has been an agenda item before the Cabinet?

Chris Huhne: The hon. Gentleman is right that this is on the agenda across the Government. As I said earlier, we discussed this at, for example, the regional Cabinet meeting on Tuesday. We discussed the importance of green jobs and the impact that the growth of the green economy is likely to have, including outside the golden area of London and the south-east. That will remain a key focus in the Government's work.

Charlotte Leslie (Bristol North West) (Con): In my constituency there is a reapplication for a biofuel plant burning palm oil and jatropha. There is great fear that although they are renewable sources of energy, they are not sustainable. Can my hon. Friend please tell me what assessment he will be making of the eligibility of such fuels for renewables obligation certificates, which make such applications possible?

Charles Hendry: We are looking at the structure of ROCs at the moment. We are absolutely clear that biofuels have a role to play, but it must be sustainable. That point will be at the heart of the way in which we look forward on such issues.

Mr Dennis Skinner (Bolsover) (Lab): The Minister said earlier that he objected to the idea of 150-foot turbines near villages, so is there a planning rule of thumb emerging, of, say, 1, 2 or 5 km away?

Charles Hendry: I did not say that I objected to them; I said that local communities had the right to object to them. That goes to the heart of local democracy. What we are saying is that local voices have to be heard in the process, and we are absolutely committed to making that happen. We have not set a rule for how far wind turbines should be from habitation—we share that position with the previous Government—because the one house that they are near could be the house of the person who wants to put them up. Therefore, having a rule would be to take a completely self-defeating approach.

Guy Opperman (Hexham) (Con): The timber industry is a significant employer in Hexham. All of us support wood biomass, but there is currently a cross-party team, with Members from both the Labour Benches and our own, seeking to change the distorted energy subsidy for wood biomass. Would the ministerial team meet the cross-party team?

The Minister of State, Department of Energy and Climate Change (Gregory Barker): We are very clear that wood biomass has a key role to play, particularly in local energy economies, which we want to see developed to encourage a greater link between local communities and the energy that they consume—coppicing, for example, has great biodiversity as well as low-carbon advantages—so I would happily meet my hon. Friend and his team.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Will the Secretary of State confirm that no decision has yet been taken on the location of the headquarters of the proposed green investment bank? That being so, does he agree that Edinburgh would be an ideal location, particularly given what he just said about ensuring that green investment is not focused just in the south-east of England?

Chris Huhne: The hon. Gentleman knows that Edinburgh is an ideal location for many things, including a number of my hon. Friends. Decisions on the siting of the headquarters are perhaps a little way off, as we are still consulting on the exact shape of the investment bank, but I am sure that we will bear in mind the considerable advantages of his constituency when we come to make that judgment.

Amber Rudd (Hastings and Rye) (Con): Is the Secretary of State aware that some extraordinary technological advances are being made by British private companies? One in particular—Marshall-Tufflex in my constituency—would like to come and see Ministers to show them the advances that it has made that could help with general carbon reduction.

Gregory Barker: As my hon. Friend knows, I have visited Marshall-Tufflex, which has some interesting and exciting products that could be a great help across the Government estate; indeed, I would be delighted to see the company while in office and in government.

David Simpson (Upper Bann) (DUP): What discussions has the Minister had with his colleagues in relation to oil or gas supplies from the Falkland Islands?

Chris Huhne: The answer to that is that we have had discussions in Cabinet about the situation in the Falklands and the possibilities, in the longer run, of there being oil and gas, but they are not at the stage where decisions need to be taken. However, no doubt when the time comes an announcement will be made.

David Morris (Morecambe and Lunesdale) (Con): Following on from the question by my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke), may I ask the Minister whether any steps are being taken to look into evening out the tariffs for electricity usage by card meter payments and by billing? I believe that there is a differential, so are there any plans to sort

that out and make it easier for everyone to pay the same tariff, purely and simply because that would lead to energy conservation?

Charles Hendry: We have been very concerned indeed about the relatively higher tariffs that people on prepayment meters pay for the electricity and gas that they use. Addressing that will be one of the most significant gains of smart metering. If we look at the experience of Northern Ireland, where smart meters have already been largely rolled out, we see that people on prepayment meters pay less than people on standard tariffs. That is the sort of gain that we want to achieve for people right across the United Kingdom.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Can the ministerial team tell me what their assessment is of the effect of the 25% cut facing universities on research into energy efficiency and environmental research generally?

Chris Huhne: The hon. Gentleman asks an important question about the likely impact on research and development. We will obviously assess that when we know more fully the shape of what will be happening in the wake of the comprehensive spending review, but tough decisions will have to be taken. As I have said already, the former Chief Secretary to the Treasury told us clearly: there is no money left.

Business of the House

11.30 am

Ms Rosie Winterton (Doncaster Central) (Lab): Will the Deputy Leader of the House give us the forthcoming business for the week.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): My right hon. Friend the Leader of the House has given notice to the shadow Leader of the House and to you, Mr Speaker, that he is attending a memorial service this morning. I will therefore be announcing the business and answering questions on his behalf. The business for the week commencing 5 July will include:

MONDAY 5 JULY—Motion relating to the Clear Line of Sight project, followed by opposed private business named by the Chairman of Ways and Means for consideration.

TUESDAY 6 JULY—Second Reading of the Finance Bill.

WEDNESDAY 7 JULY—Opposition day [3rd allotted day]. There will be a full day's debate on Government support for jobs and the unemployed. This debate will arise on an Opposition motion.

THURSDAY 8 JULY—General debate on defendant anonymity.

The provisional business for the week commencing 12 July will include:

MONDAY 12 JULY—Proceedings on the Finance Bill (day 1). At 10 pm the House will be asked to agree all outstanding estimates.

TUESDAY 13 JULY—Proceedings on the Consolidated Fund (Appropriation) Bill followed by proceedings on the Finance Bill (day 2).

WEDNESDAY 14 JULY—Motion to approve a statutory instrument relating to counter-terrorism, followed by motion relating to police grant report, followed by motion to approve a European document relating to the European External Action Service.

THURSDAY 15 JULY—Proceedings on the Finance Bill (day 3).

I should also like to inform the House that the business in Westminster Hall will be:

THURSDAY 8 JULY—A debate on energy security.

Ms Winterton: I thank the Deputy Leader of the House for the business statement. I think it is in order to welcome him to his first business questions. I know that he has a long record of campaigning for respect for Parliament. Indeed, I was looking through his contributions to the last Parliament and noticed that he said Ministers should remember that

"their first responsibility in terms of information is to the House and nowhere else".—[*Official Report*, 3 July 1998; Vol. 315, c. 657.]

I am sure that he was horrified when the Home Secretary was forced to come to the House to apologise for giving the media the statement on the immigration cap, which should have been given here.

Now at least the Home Secretary realised that this had been a step too far, but will the Deputy Leader of the House undertake to tick off the following offenders in respect of whom we would like to set up an early release of information scheme? First, there is the Defence Secretary for briefing on the departure of Sir Jock Stirrup. Secondly, there is the Secretary of State for Education for briefing on plans for schools. Thirdly, there is the Secretary of State for Health for briefing on the NHS operating framework. Then there is the entire Downing street staff for briefing on the whole Queen's Speech. Then there is the Chancellor of the Exchequer, who has achieved a hat-trick here for briefing on spending cuts, financial reform and the Budget. Then there is the Secretary of State for Justice for briefing on prison reforms. I hope that the Deputy Leader of the House can assure us that he has checked with the Foreign Secretary to ensure that nothing has been said to the media this morning that should have been said to the House first. I am sure that the Deputy Leader of the House will seize this opportunity to take up the cause for Parliament, as I know he would hate to be accused of saying one thing in opposition and another thing in government.

Speaking of that, I was leafing through the Conservative-Liberal Democrat programme for government only this morning and came across the section on Government transparency. It is well worth a read, especially the bit that says:

"We will create a new 'right to data' so that government-held datasets can be requested and used by the public".

Can the Deputy Leader of the House tell us whether that right extends to Members of Parliament, particularly when they are asking for figures such as those produced by the Treasury which showed that the Chancellor of the Exchequer had been warned that measures in the Budget would lead to 1.3 million people losing their jobs?

Given the Prime Minister's extraordinary performance yesterday, when he refused even to acknowledge that those figures existed, will the Deputy Leader of the House place the Treasury documents in the Library? Will he also ask the Chancellor of the Exchequer to make a statement to the House telling us when he first saw those documents, and why he did not include them in his Budget statement? In that statement, will the Chancellor of the Exchequer be able to confirm whether there was any contact between Ministers and their Office for Budget Responsibility before the publication of their job forecasts yesterday?

Will the Deputy Leader of the House tell us whether there will be any report to the House on the Cabinet's visit to Yorkshire? I noted that during that visit the Prime Minister was quizzed on how the Government's protestations of support for manufacturing tallied with the withdrawal of the loan to Sheffield Forgemasters. Perhaps the Deputy Leader of the House will also explain why the Leader of the House of the House said last week that

"the Deputy Prime Minister is meeting Sheffield Forgemasters tomorrow in his constituency."—[*Official Report*, 24 June 2010; Vol. 512, c. 433.]

I understand that no such meeting was planned, or took place. I can only imagine that the Leader of the House was misled by the Deputy Prime Minister. I am sure that the Deputy Leader of the House will want to clarify exactly what happened, so that Members can be clear about what support is actually being given to important manufacturing companies such as Sheffield Forgemasters.

Can the Deputy Leader of the House also help us out by telling us whether there will be a statement on the future of the Tenant Services Authority? Apparently the Housing Minister has called it "toast", but the Chief Secretary has said that abolishing it would put the finances of housing associations at risk. It would greatly assist the House, and Opposition Members in particular, to know that there is absolutely no sense of disagreement between Conservative and Liberal Democrat Ministers. We certainly wish to be assured that the Liberal Democrats are 100% behind all Conservative policy, including putting up VAT, putting people out of work, and the huge cuts that are to be made in public services.

Mr Heath: The shadow Leader of the House has asked me to restate a position that I stated many times in opposition, and I have no hesitation in doing so. It is entirely clear, not only to me but in the ministerial code of conduct, that announcements of substantive changes in policy should be made to the House in the first instance, and I know perfectly well that my right hon. Friend the Leader of the House brought that to the attention of the Cabinet yet again only this week. You, Mr Speaker, made it very clear in your statement yesterday, and it is our clear intention that it should be the case. I have to tell the shadow Leader of the House that occasionally there will be mistakes—*[Interruption.]* Even Government Departments sometimes make mistakes, and that is obviously what happened in the case of the Home Office announcement last week. What happened was that my right hon. Friend the Home Secretary came to the House to apologise for that mistake, and that is the right way of dealing with it.

It is important that we make sure that changes of policy are properly represented to the House, but I say gently to Labour Members that there is very little point in raising as points of order or at business questions issues raised by Ministers that are clearly set out in existing policy in the coalition document. I am so pleased that the shadow Leader of the House bothers to read that document. If it is policy set out in the coalition document, it should be no great surprise that Ministers adopt the policy and are prepared to speak about it. Therefore, it is not the case that that is an inappropriate way of addressing political issues.

I shall now deal with the other issues that the right hon. Lady raised. She mentioned an issue relating to housing associations. That is important and I shall take the matter back to the Departments and ask whether it is possible for a clear statement of the position to be given—we will ensure that that is the case.

The right hon. Lady asked about the position on the employment figures and the expectations set out by a variety of economists on what might happen. I have to say that I do not always have great faith in what economists predict; nevertheless this is an important issue. What I do have faith in is the newly established Office for Budget Responsibility, which is independent of Government and has set out the figures. I thought that the Opposition supported it. I thought that they saw it, as we do, as being a gold standard of accurate information presented to the House, but they prefer to bang on about figures that they want to choose instead. There will be an Opposition day debate next week, when the Opposition will choose the matters that we will be debating. So she asks for an opportunity to raise these issues with Ministers and she will have the opportunity to raise them with Ministers. Finally, I have to say to her that the figure that was given—the 1.3 million losses that she cited—was coupled with 2.5 million increases in employment in the very same breath. By my simple arithmetic that makes a 1.2 million increase, and the fact that Labour Members cannot do that simple sum explains to me why this country is in the position it is.

Several hon. Members *rose—*

Mr Speaker: Order. Dozens of hon. and right hon. Members are seeking to catch my eye. As always, I should like to be able to accommodate every colleague, but brevity in both questions and answers will be essential if I am to have any realistic chance of doing so.

Robert Halfon (Harlow) (Con): Has my hon. Friend seen early-day motion 328, which describes how Google allegedly mapped every wireless internet connection in Britain, including many millions in private homes?

[That this House is concerned by reports that Google allegedly mapped every single wireless internet connection in Britain, including many millions in private homes, for commercial purposes; is further concerned that the firm may have failed to disclose that it was building a massive database of wi-fi networks across the UK without people's consent; notes the reports that BT and other companies are using software to trawl social networking websites such as Facebook to identify anyone making negative comments about them; and therefore calls on the Coalition Government to balance innovation on the internet against individuals' right to privacy and the new threat of a surveillance society.]

Is it not time for a debate on the balance of internet innovation, and on the individual's right to privacy versus the new threat of a surveillance society, given that we have just got rid of the previous Government's own one?

Mr Heath: I am grateful to the hon. Gentleman. Yes, I have read his early-day motion and it seems to raise a very important point about surveillance. The whole issue of the increasing prevalence of what was called "the surveillance society" is something that the coalition Government are very aware of and want to address. I cannot promise him a debate in the next couple of weeks on this subject, but he may try to ask a question at questions to the Secretary of State for Business, Innovation and Skills on Thursday 8 July. This subject may also be a suitable one for the newly constituted Backbench Business Committee to consider for future business.

Glenda Jackson (Hampstead and Kilburn) (Lab): May we have an urgent debate in Government time on the Chancellor's grossly disproportionate attack on the benefits system, not least on housing benefit, which is causing grave anxiety and disquiet among some of my most vulnerable constituents? These feelings are exacerbated by the Government's attempt to present all benefit claimants as workshy scroungers. May we have a debate urgently so that this particular calumny can be disproved?

Mr Heath: I invite the hon. Lady to ask questions of the Department for Work and Pensions on 19 July. She also asked for a debate on this matter, and I suggest that

[Mr Heath]

she will find opportunities to raise it during our debates on the Finance Bill on Tuesday 6 July, Monday 12 July, Tuesday 13 July and Thursday 15 July.

Mr Oliver Heald (North East Hertfordshire) (Con): The shadow Leader of the House—[HON. MEMBERS: "Ah!"] I apologise, I meant the Deputy Leader of the House. He will be aware of the WWF's Rivers on the Edge campaign. There has been great concern in the House for some time about the condition of English chalk streams, and the debate on the subject that we had during the last Parliament was over-subscribed. Will he bear this in mind and see whether we can fit in a debate on the chalk rivers of England?

Mr Heath: I am grateful to the hon. Gentleman. I have great affection for the World Wide Fund for Nature because I used to work for it and promote its interests. I hasten to add that that is not a declarable interest. There might be an opportunity for him to raise this important issue at Environment, Food and Rural Affairs questions on 29 July. It would also be an entirely suitable matter for a Westminster Hall debate or an end-of-day Adjournment debate.

Mr David Hamilton (Midlothian) (Lab): The next time—or perhaps the first time—the Deputy Leader of the House meets the Backbench Business Committee, will he raise the question of private Members' Bills being discussed on Wednesday evenings to allow greater participation? Will he also consider doing away with the knives procedure under which such Bills can be talked out, and introduce deferred voting so that everyone can participate in the process?

Mr Heath: The hon. Gentleman knows that I agree that we need to reform the process for private Members' legislation. When we discussed this a week or so ago, it was agreed that the Procedure Committee would look into the matter and bring forward proposals. I hope that its members will also speak to the Backbench Business Committee so that we can have the benefit of the views of both Committees. It would certainly be to the benefit of the House if we could improve the way in which we deal with private Members' business and put an end to the procedural nonsense that we have at the moment.

Mr Christopher Chope (Christchurch) (Con): When is the motion on the fixed-term Parliament, which was promised by my hon. Friend the Deputy Leader of the House on 25 May, going to be brought forward? He said that it would be put on the Order Paper at the earliest opportunity, and that we would have a debate on it before the summer recess. Is that still the position?

Mr Heath: I think I am right in saying that the Deputy Prime Minister intends to make a statement on that subject in the very near future, so my hon. Friend will have to be patient for a little longer—*[Interruption.]* It will, of course, be made in Parliament, which is the right place for such statements.

Gloria De Piero (Ashfield) (Lab): A debate on police productivity would allow me to question Ministers on how much time police officers spend on the beat. Now that the policing pledge has been scrapped, how are we to guarantee that the police will spend 80 % of their time on the streets?

Mr Heath: The hon. Lady will know that this has been a recurrent theme over many years, since long before she was in the House. Members on both sides have been concerned about the most effective way of deploying police officers and reducing the bureaucracy that often prevents them from doing the job that we want them to do—namely, being out on the streets catching criminals instead of sitting in a back room in a police station filling in forms. I hope that we shall be able to make rapid progress on these issues. As a former chairman of a police authority, I know that this has been a problem for a very long time. The hon. Lady is right to bring the subject up, and it is equally right that we should find time to debate it at some stage.

Mr Mike Hancock (Portsmouth South) (LD): May I first declare an interest as a member of Portsmouth city council? That council, like many others, is heavily involved in the Building Schools for the Future programme. There is real anxiety about the delay in getting decisions on whether the plans are going to proceed as expected. The situation needs to be resolved quickly because of the amount of local authority money involved. Does my hon. Friend also agree that a shortage of parliamentary time prevented Labour Ministers from coming to the House to apologise for the number of times they briefed the media before speaking to us?

Mr Heath: I hear what my hon. Friend says on the last matter. I could not possibly comment, but I am sure that some will recognise the issue.

My hon. Friend raises an important issue about Building Schools for the Future. I know that Members on both sides of the House are keen to hear the results of that review. We had hoped that there would be a statement this week and, last week, my right hon. Friend the Leader of the House said that he thought that a statement was likely to be made this week. He said that in good faith, but unfortunately it has not been made yet. I understand that it will be made very shortly—within days.

Helen Goodman (Bishop Auckland) (Lab): The hon. Gentleman has already explained why some information has been given not to this House but to other people. May I ask him to take up with his colleague the Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb), the fact that I tabled a number of parliamentary questions on the important issue of housing benefit, asking for simple factual information, and received the response:

"The Department for Work and Pensions undertakes an assessment of the impact on specific groups as part of the policy development process"?—[*Official Report*, 30 June 2010; Vol. 512, c. 548W.]

We know that the Government have that information—they could not have published the Red Book without it—but we are being refused it. Will the Deputy Leader of the House take this matter up?

Mr Speaker: I assume that the hon. Lady is looking for a statement.

Mr Heath: Well, I shall also assume that the question has something to do with parliamentary business—[HON. MEMBERS: "Oh!"] This is about business for the next two weeks; sometimes colleagues need to be reminded of that.

I do not think that I can guarantee that there will be a statement or a debate on the matter. However, I will mention the hon. Lady's concerns to my hon. Friend the Minister of State and see whether more information can be obtained.

Mark Lancaster (Milton Keynes North) (Con): May we have a debate on supporting British citizens overseas? The Deputy Leader of the House might recall that last week I raised the case of my constituent, Ken Spooner, whose children have been abducted to Zambia. Unfortunately, the case has taken a turn for the worse and Mr Spooner is now in a Zambian jail, having not been charged. Can we possibly ensure that he gets the support from the Foreign and Commonwealth Office that he was promised?

Mr Heath: Obviously, it is always a matter of great concern to hon. Members when their constituents find themselves in difficulties overseas. It is part of the consular duties of the Foreign and Commonwealth Office to provide such support as may be provided in country. I shall certainly make sure that these concerns are passed on to members of the ministerial team in the Foreign and Commonwealth Office.

Mr Kevan Jones (North Durham) (Lab): May we have an urgent debate on pay for our brave servicemen and women, especially in the light of the written answer to the hon. Member for Colchester (Bob Russell) this morning from the Under-Secretary of State for Defence, the hon. Member for South Leicestershire (Mr Robathan), which announced that 140,000 members of the armed forces will have a pay cut next year? That is in marked contrast to what we did when we were in office, when we honoured in full the recommendations of the independent pay review body for the armed forces.

Mr Heath: I seem to recall that there was a significant increase in the allowances made available to members of our armed forces serving in conflict areas. That seems to me to be a significant development. However, the hon. Gentleman will have the opportunity to raise these matters in the very near future, because Defence questions are on Monday 5 July.

Dr Julian Lewis (New Forest East) (Con): Given the excellent agreement in New Forest East between leading Liberal Democrats and Conservatives that fluoridation should not be imposed on the community against its will, may we have a statement—not in the next two weeks, but perhaps in the next two minutes—from the Deputy Leader of the House, confirming that the fact that the Liberal Democrats have joined the Conservatives in government in no way vitiates the pledge given by shadow Conservative Health Ministers before the election that fluoridation should not and would not be imposed on communities that did not want it?

Mr Heath: The hon. Gentleman will not have a statement from me on a matter of health policy, but he can quite properly ask hon. and right hon. Friends in the Department of Health to give a response. It seems to me that this is a very important issue—I have a great deal of sympathy with the hon. Gentleman's position—and I am sure that his constituents would like some clarity on the issue. However, I also know that the legislative framework under which these proposals are considered is the legislative framework introduced by the previous Government.

Bridget Phillipson (Houghton and Sunderland South) (Lab): May I press the Deputy Leader of the House on his earlier answer about the future of the Building Schools for the Future programme? First, I was disappointed that there was not a statement this week, following the comments made by the Leader of the House last week to the effect that Members could expect a statement on the programme's future and the huge uncertainty that it is being caused. Secondly, will the statement give specific details about which schools will be built and which will not be built?

Mr Heath: I cannot possibly pre-empt the statement, but the hon. Lady is right to press us on this. We are very clear that we want a statement to be made at the earliest opportunity. I can only apologise to her through you, Mr Speaker, that we were unable to bring forward the statement this week, which we had certainly intended to do. I can promise yet again that it will be provided shortly.

Mr Mark Williams (Ceredigion) (LD): The Deputy Leader of the House is aware of the impressive lobby of this place yesterday by the Huntington's Disease Association. Will he give us time for a debate to consider the challenges facing the 6,700 people diagnosed with Huntington's disease, particularly those to do with accessing insurance and the adequacy of research into a hitherto incurable disease?

Mr Heath: I am grateful to my hon. Friend for that question. I, too, yesterday met constituents who either had Huntington's disease or who were caring for people with Huntington's disease. It brought home to all Members of the House who had contact with those people how difficult the disease is to manage. It is a degenerative disease with a genetic component that imposes a great deal of stress both on those who contract it and those who care for them. I know that there are clear issues about future research and the sort of support that can be given at the point of diagnosis and the point of management in GP practices and elsewhere in order to help. I understand that an all-party parliamentary group on Huntington's disease has been established and that is a welcome step forward. I cannot promise my hon. Friend a debate in the next two weeks, I am afraid, but he might care to apply for an Adjournment debate or a Westminster Hall debate on this important subject.

Michael Connarty (Linlithgow and East Falkirk) (Lab): May I press the Deputy Leader of the House to get his master, the Leader of the House, to come to the House and give the statement that he promised two weeks ago on progress on setting up the European Scrutiny Committee, and to scotch the rumour that is going about that Ministers intend to vote in the 1922 committee's election of the Conservative chair of that committee? I hope that the Deputy Leader of the House will say

[Michael Connarty]

that even the gelded Liberals would not stand for the Government's trying to elect a Back-Bench committee's chairman.

Mr Heath: Happily, I have no responsibility whatsoever for what happens in the 1922 committee and that is no doubt a situation that will continue. The important issue is the setting up of the Select Committees, including the European Scrutiny Committee, and I understand the urgency of that. I was very pleased that the motion was passed by the House last night to make the small amendments to the number of members on Committees. That means that the Committee of Selection can now proceed in good order to make appointments to Committees. We should have all the Committees of the House up and running as soon as possible.

Craig Whittaker (Calder Valley) (Con): May I ask a question in a similar vein to the request from my hon. Friend the Member for Milton Keynes North (Mark Lancaster) for a debate on how our consulates aid and advise our residents abroad in extreme circumstances? I am thinking in particular about the Calder Valley resident who died last week, Sarah Royle, and her family. She fell off a balcony watching the England match in the World cup. Sarah lost her parents at a very early age and her two remaining sisters, who are of limited means, are being asked to sign an indemnity against the costs of bringing the body home and paying the bills, because the insurance company believes that she might have been drinking at the time.

Mr Speaker: I assume that the hon. Gentleman is seeking either a statement or a debate on the matter.

Mr Heath: Obviously, my condolences go out to the friends and family of the hon. Gentleman's constituent, who died in very tragic circumstances. Rather than securing a debate, the most effective thing I can do is to draw his comments to the attention of Ministers in the Foreign and Commonwealth Office so that they can, perhaps, give support.

Derek Twigg (Halton) (Lab): May we have an urgent statement on the release of the documents on the Hillsborough disaster? The last Government agreed that those files and documents would be released. The Deputy Leader of the House will understand the concerns about the Culture Secretary's comments. As someone who was at Hillsborough and who has in my constituency families who lost loved ones there, this matter is of great importance to me personally. Rumours are circulating that the Government are thinking about not publishing the files and that there are arguments between Departments about the cost. Will the hon. Gentleman clarify the situation or arrange for an urgent statement to be made as soon as possible?

Mr Heath: I am afraid that I cannot give the hon. Gentleman the clarification he wants simply because I do not know and there is no point in pretending that I do. I recognise the circumstances of Hillsborough—the tragedy that it was—and the continuing effect that it must have on a large part of the population, not least his constituents. It is extremely important that we provide as much succour and comfort as possible to those people. I will certainly take the matter he raises back to the responsible Ministers and note the force with which he makes his case.

Philip Davies (Shipley) (Con): May we have a debate on the Government's new sentencing policy so that we can point out to the Secretary of State for Justice that the apparent premise that people who commit minor offences are frogmarched to a court and sent immediately to prison is a false one? What happens in the real world is that the police tear their hair out over arresting the same people time after time only to find that the magistrates courts do nothing but give them a slap on the wrist. The people who eventually end up in prison do so only after all the community service and drug treatment orders have been tried and tried again but have failed.

Mr Heath: First, I congratulate the hon. Gentleman on his election to the Backbench Business Committee, on which he will have some responsibility for ensuring that these very important matters are debated in full. What I heard the Secretary of State for Justice say was that he wanted a justice system that worked, and that disposals for people who are convicted ought to be the most effective disposals that will reduce the likelihood of their offending again. He said that many of the recurrent offenders whom the hon. Gentleman mentions—those whom the police pick up time and again—serve short sentences in prison and then go on to reoffend. Surely it cannot be right to continue with policies that fail.

Mr Wayne David (Caerphilly) (Lab): The Deputy Leader of the House will know that yesterday afternoon the Government suffered an embarrassing defeat by 21 votes to seven on the Welsh Grand Committee, which rejected the proposition on the Budget and the legislative programme as they apply to Wales. May we have another meeting of the Welsh Grand Committee to consider these issues?

Mr Heath: The hon. Gentleman is making an awful meal of the fact that he engineered a win of a vote in a Committee with 26 Labour members, three Plaid Cymru members, eight Conservatives and three Liberal Democrats. Not even the most incompetent Opposition could lose a vote on a Committee with those numbers.

Andrew Griffiths (Burton) (Con): Despite Tony Blair's promise that they would result in a café culture, the late-licensing laws are having a visible impact in towns and cities across the country. In my constituency, in recent weeks, we have had a fatal stabbing of a young man and two brutal beatings, all of which involved late-night drinking establishments and late-night drinking. May we have an urgent debate on the failed late-licensing policy?

Mr Heath: I certainly agree that the change of licensing policy that the last Government introduced has not produced the results that they claimed it would, whereby we would all sit sipping our chianti in perfect peace and serenity in our town centres until late in the evening. That does not seem to accord with the experience of most people in most parts of the country. It might therefore be opportune for the matter to be debated

again. I cannot promise the hon. Gentleman a debate in the next couple of weeks, but he could make an application to the Backbench Business Committee for a debate on licensing laws, or he could seek a Westminster Hall or an Adjournment debate on the matter.

Grahame M. Morris (Easington) (Lab): May I draw the Deputy Leader of the House's attention to the contribution of my hon. Friend the Member for Eltham (Clive Efford) in *Hansard* on Stockholm syndrome? Can we have a debate on Stockholm syndrome given that it may affect the judgment of leading Liberal Democrat members of the condemned coalition? The evidence base includes their support for regressive VAT increases, thereby displaying irrational emotional feelings and loss of concentration. Those symptoms are associated with this condition, and I think it would be useful and instructive if we could have a debate.

Mr Heath: I was rather hoping that there would be a punch line. There might be a case for a debate on Stockholm syndrome as it applied to those poor benighted souls who supported the Labour Government through 13 years of mismanagement, particularly the candidates for the leadership of the Labour party, who appear not to have agreed with anything they did while in government.

Mr David Burrowes (Enfield, Southgate) (Con): May we have a debate on the annual report of the National Treatment Agency for Substance Misuse, which was presented to the House on Tuesday? The report describes the position of treatment as "encouraging", which is in stark contrast with the 30th report of the Public Accounts Committee in March, which concluded that £1.2 billion is spent on tackling drug misuse without the Government knowing the overall effect of that approach. Such a debate could focus on the fact that only 4% of addicts become drug-free and on the urgent need for reform of the drug treatment system.

Mr Heath: We have known for a long time that the problems with substance, drug and alcohol abuse have not been sufficiently addressed in Government policy. It now needs to be addressed, and it is explicit within coalition Government plans that that will be the case. I cannot promise the hon. Gentleman a debate or a statement on this subject, but he might want to raise it by other means.

Maria Eagle (Garston and Halewood) (Lab): May I ask the Deputy Leader of the House for an early statement on potential venues for the next £100,000 Cabinet away day? The Cabinet could try Liverpool, which would have the beneficial side effect of enabling the Culture Secretary to explain in person to the people of Liverpool why, 21 years after Liverpool fans were exonerated from causing the Hillsborough stadium disaster, he suggested on live television that it was caused by hooliganism.

Mr Heath: And he then apologised very clearly, which is an important point to note. It really is extraordinary for Labour Members now to complain about regional Cabinet meetings, having introduced them. *[Interruption.]* The hon. Lady was complaining about the cost of a regional Cabinet meeting, but it was much cheaper under the coalition Government than under the previous Government. She has put in a bid for the next such meeting to be in Liverpool, and I shall pass that on to the Cabinet Office. I have no idea where it intends to hold the next one, but Liverpool is always a splendid place to hold anything.

Duncan Hames (Chippenham) (LD): May we have a debate on the role of the Environment Agency's policies on hydropower generation on our rivers? Two Secretaries of State have declined, on the Floor of the House, to comment on this matter, and I think that a debate would be fruitful in securing the resolve of Ministers to address it.

Mr Heath: I have a great deal of sympathy with my hon. Friend, because I used to raise this matter very regularly. I have a whole series of micro-hydrogeneration plants on the Rivers Frome and Brue, so I know perfectly well the difficulties that those people have with the EA's regulations on water abstraction. Of course, the bizarre thing is that no water is abstracted by hydro-turbines, as it is returned to the watercourse. I hope that he secures either a Westminster Hall or an Adjournment debate on this issue, because it would be well worth explaining the difficulties that many people who want to be engaged in micro-hydropower experience on the ground.

John Woodcock (Barrow and Furness) (Lab/Co-op): The Deputy Leader of the House will be aware that we are in the middle of Co-operatives fortnight, celebrating the value of community ownership across society. The Baywind project in my constituency has blazed a trail for green energy, being locally owned and providing electricity to local homes. Will the hon. Gentleman agree to a debate on the barriers that such schemes still face when trying to get off the ground, even though communities want them?

Mr Heath: It would be very useful to have a debate on that subject. There is a huge amount to be said for co-operative and mutual organisations. That sort of corporate structure has been in abeyance in recent years, and it is time that it made a reappearance. If the hon. Gentleman applies for a debate, I hope that he is successful in securing one at some stage. I have to point out that the case of Royal Mail offers the prospect of an enormous mutualisation and expansion in the co-operative sector, and I hope that Opposition Members will support that.

Mr Peter Bone (Wellingborough) (Con): During the last Parliament, I was regularly concerned about the blood pressure of the previous Speaker, as he had to tick Ministers off regularly for leaking information to the press before they were brought to the House to make a statement. I am very concerned that your blood pressure is not affected, Mr Speaker, so will the Deputy Leader of the House ask for a statement from the Leader of the House next week setting out the punishment that can be meted out to Ministers who leak to the press before addressing this House?

Mr Heath: First, may I also congratulate the hon. Gentleman on his election to the Backbench Business Committee? I am not sure that the Leader of the House has any sanctions that he can apply, other than exhortation, but the Prime Minister does. Perhaps this is something that we need to draw to his attention.

Barry Gardiner (Brent North) (Lab): May we have an urgent debate about the timing of reports from the Office for Budget Responsibility? If the OBR is to be regarded as genuinely independent of the coalition collaborators, then not only the content but the timing of reports must be absolutely free from interference.

Mr Heath: I do not think that a debate would be worth while, because the OBR is independent of Government.

Kris Hopkins (Keighley) (Con): May we have a debate on the use of postal votes in our electoral system? It has been proved to be open to corrupt practices, and it is compromising our democratic process.

Mr Heath: Concerns about the integrity of the postal vote process have been expressed for a long time. Postal votes form a useful part of our electoral arrangements, but nevertheless we must make sure that our electoral system has the highest possible integrity. The Government are committed to introducing the individual registration of voters, and that will go a long way towards dealing with some of the potential abuses of the current system. I hope that legislation will be introduced in due course that will enable the hon. Gentleman to make his points very forcefully.

Alison Seabeck (Plymouth, Moor View) (Lab): The deadline for the payment to pleural plaques victims of compensation worth £5,000 has come and gone. On at least two occasions in this House, Ministers have said that the payment would be made by the end of June. Will the Deputy Leader of the House please ensure that the appropriate Minister makes a statement to the House to explain to victims of this dreadful disease in my constituency exactly why they are still having to wait for the much promised and expected £5,000 payment?

Mr Heath: I am grateful to the hon. Lady, and also congratulate her on her election to the Backbench Business Committee. She raises an issue that I know is very important to a large number of Members and constituents. I will pass her comments on to the relevant Ministers. Hopefully, there will be statement in the near future, but I cannot promise it.

Mr Desmond Swayne (New Forest West) (Con): May I urge the Deputy Leader of the House to award the hon. Member for Garston and Halewood (Maria Eagle) the debate that she sought? We would be able to examine in detail how the cost of the most recent Cabinet meeting in Bradford was one tenth of what was spent by the previous Labour Government on their away days.

Mr Heath: The hon. Gentleman has almost persuaded me that we ought to find Government time for that debate. I will give it very careful consideration indeed.

Mr Chuka Umunna (Streatham) (Lab): The Chancellor of the Exchequer came here last week and declared that he would be the model of transparency. He said:

"I am not going to hide hard choices from the British people or bury them in the small print of the Budget documents."—[*Official Report*, 22 June 2010; Vol. 512, c. 167.]

He added that the British public would hear those hard choices straight from him, in that speech.

The Deputy Leader of the House has already brushed aside concerns raised by the shadow Leader of the House about the memo that discloses Treasury predictions of 1.3 million unemployed. The Leader of the Opposition has already raised the matter with the Prime Minister, only to be ignored. Why can we not have full disclosure of this document, and a proper debate in this House? The Deputy Leader of the House is supposed to be a champion of Parliament, and there are clearly differences of view as to the content of the document. Why can we not have a debate on it?

Mr Heath: I thought that I had made it plain that we are having four debates in the next two weeks on that subject. I would have thought that that would be sufficient to satisfy the hon. Gentleman. Perhaps we ought to debate the pre-Budget forecast based on the policies of the March Budget—a Labour Budget—which showed a reduction of around 500,000 public sector jobs by 2014-15. I think that that would be a very worthwhile debate.

Martin Vickers (Cleethorpes) (Con): The Deputy Leader of the House may have heard or read reports of an incident on Tuesday at the Lindsey oil refinery in my constituency. Sadly, there was a fatality and a number of injuries, and I am sure that the whole House would want to send our condolences in respect of the 24-year-old contractor who lost his life. In the immediate aftermath of the incident there are heightened concerns among the local community. Will the Deputy Leader of the House ensure that a statement can be made to the House in the next week or two? The police and the Health and Safety Executive are conducting an inquiry. If it makes recommendations that relate to the Lindsey oil refinery and other refineries, will he arrange for a debate to be held?

Mr Heath: I very much appreciate the hon. Gentleman raising this point on behalf of his constituents, and I am sure that the whole House would want to express our condolences to the family and friends of Robert Greenacre, who sadly lost his life in the incident.

As the hon. Gentleman said, the HSE and the Environment Agency have launched an investigation, in conjunction with the police. I think that it would probably be unwise for us to debate the issue in the House until it has been properly investigated but, if there are then lessons that need to be learned that have a more general applicability, I hope that we will either have a statement or that the hon. Gentleman will secure a debate on the Adjournment or in Westminster Hall. That will enable Ministers to consider the questions more widely.

Mr Dave Watts (St Helens North) (Lab): May we have a debate on the Government's fairness agenda? Recent announcements on tax increases, benefit cuts, education spending, pensions, capital funding schemes and police funding all seem to be at odds with the fairness agenda. Such a debate would enable the Government to explain why their policies do not have any element of fairness in them.

Mr Heath: I can tell the hon. Gentleman what is fair. He mentioned pensioners, and it is fair finally to give them the triple-lock guarantee that their pensions will go up. That compares with the ridiculous 75p that we remember from the previous Government. Perhaps,

therefore, we should have a debate on fairness, and on the inability of the Labour Government to introduce any element of fairness into their fiscal policies.

Stephen Mosley (City of Chester) (Con): May we have a debate on the future of the UK's financial services industry? That would allow me to highlight the plight of the 535 Chester-based employees of Lloyds Banking Group, who heard yesterday that they had lost their jobs, with the closure of the Premier House call centre in my constituency.

Mr Heath: Obviously, it is a serious matter whenever we hear about job losses of this kind, and the hon. Gentleman is right to raise it in the Chamber. I am not sure that I can find an opportunity for a debate on the subject in the next two weeks, but he makes a very good point about the future of regulation in financial services. That is, of course, under active consideration in the relevant Departments.

Ian Lucas (Wrexham) (Lab): May we have an urgent debate on sentencing policy and the construction of new prisons? There is real confusion in north Wales about whether a new prison is to be built. The Secretary of State for Wales says that she wants one, but the Secretary of State for Justice is not telling. I am still waiting for a meeting to ask a straight question. Is not it about time that this House was shown the respect of being given a statement on sentencing policy, as the hon. Member for Shipley (Philip Davies) requested?

Mr Heath: The hon. Gentleman's best opportunity to ask that question is at Justice questions on Tuesday 20 July. I suggest that he tables a question right away.

Greg Mulholland (Leeds North West) (LD): The children's heart unit at Leeds general infirmary is one of the oldest in the country—it has performed life-saving operations for more than 40 years. May we have an urgent debate on the review of the 11 children's heart units around the country to ensure that people do not have to travel miles for life-saving heart surgery?

Mr Heath: Paediatric cardiac services are of considerable importance. Health Ministers are reviewing the situation at the moment—*[Interruption.]* The hon. Member for Bolsover (Mr Skinner) is complaining that the Government are holding reviews. He was around in 1997, but let me remind him that the Labour Government announced 38 reviews between 1 May and 27 June 1997. One former Cabinet Minister said at the time:

"We have hit the ground reviewing."

We have hit the ground reforming.

Steve McCabe (Birmingham, Selly Oak) (Lab): I am keen to help the Government to cut waste and extravagance. In that context, does the Deputy Leader of the House have an estimate of the cost to my constituents of the Government's direction that Birmingham council must now publish all spending details online? Indeed, in these cash-strapped times, should we not have a debate on the cost to local authorities of that new Government imposition?

Mr Heath: I think I hear from the hon. Gentleman that he does not think his constituents ought easily to be able to find out what a large council, which runs many affairs in his area, spends on their behalf. I differ from that view. I do not believe that a debate would be greatly useful, but perhaps he would like to apply for one.

Mr David Nuttall (Bury North) (Con): May we have a debate on how we ought to deal with habitual criminals, given that most of my constituents in Bury, Ramsbottom and Tottington feel that if there is not enough time during a short prison sentence properly to rehabilitate persistent offenders, rather than not send them to prison, the solution is a longer sentence?

Mr Heath: I say to the hon. Gentleman that we need a penal policy that stops people reoffending and that reduces crime. Sometimes, that will mean not prison sentences, but more appropriate disposals that work better. Sometimes, it will mean prison sentences, because those are necessary either for rehabilitation or for the protection of people in an area. I hope the hon. Gentleman has the opportunity to put forward what are quite clearly firmly held views when the Justice Secretary brings forward his review of sentencing policy.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May we have an early debate on the role and responsibilities of the Deputy Prime Minister? Did the Deputy Leader of the House share with me the feeling of pity for him when he was on the "Today" programme this morning talking about the scourge of grey squirrels? What on earth is going on in his Department?

Mr Heath: I do not find the difficulty that the hon. Gentleman suggests, because I believe that some of the legislation introduced by the previous Government is absurd and unnecessary. Whenever a Minister did not know what to do about a subject, they came to the House and introduced a new criminal offence. The fact that we are going to get rid of some of those criminal offences will be widely welcomed across the country, because we do not want unnecessary offences and regulation. The Deputy Prime Minister is doing an extremely good job of highlighting those issues. If he wants scrutiny, he does not lack it, given that a Select Committee has been formed for that purpose and that there are regular questions to him in the House. I do not think there are any such difficulties.

Andrew Stephenson (Pendle) (Con): Will the Deputy Leader of the House agree to a debate on whether the law currently provides sufficient protection for telephone bill payers from being charged for calls made by an external hacker through their switchboard? Jolene Gregory, the practice manager of Pendle View medical centre in my constituency, has a bill for £4,700 for fraudulent calls made between September and December 2009, which to date, the telephone provider, Azzurri Communications, has been unwilling to cancel or reduce.

Mr Heath: Many hon. Members will be shocked by what has happened to the hon. Gentleman's constituent—it is simply unacceptable. Many of us have found similar things in our constituency casework. Telecommunications companies in particular very often seem to have scant regard for the interests of their consumers. I am pleased that he had the opportunity to raise the matter today on behalf of his constituent, and I will ensure that it is

[Mr Heath]

brought to the attention of ministerial colleagues and the regulator. In due course, he may feel it worth while to approach the Backbench Business Committee to ask for a debate on the wider subject of consumer protection, which probably affects a large number of Back-Bench Members.

Diana R. Johnson (Kingston upon Hull North) (Lab): Yesterday, two of my constituents travelled from Hull to lobby me on the important issue of contaminated blood products. When they came through security, they were wearing campaign t-shirts, which they were told either to remove or turn inside out. I know that the Deputy Leader of the House is committed to freedom and civil liberties, so will he make a statement on that particular practice of the House?

Mr Heath: I was not aware of that situation and I am grateful to the hon. Lady for bringing it to my attention. I may have to refer the matter to you, Mr Speaker, in due course, for your consideration, but I am grateful to the hon. Lady for raising it.

Julian Smith (Skipton and Ripon) (Con): May we have an urgent justice debate on the devastating impact for local justice in Skipton and rural Craven should Skipton magistrates and county court close as a result of the forthcoming review?

Mr Heath: Hon. Members on both sides of the House will have many questions to ask about the circumstances of their local magistrates courts. Far be it from me to use my position to raise the issue of Frome magistrates court—that would be inappropriate—but experience suggests that concern is felt by a large number of hon. Members. There is a genuine consultation on what should happen and legitimate questions need to be asked about court houses that are simply not fit for purpose and that cannot be brought up to the required standard economically. However, the Justice Secretary will welcome views from hon. Members about courts in their constituencies and their circumstances, particularly in relation to rural areas, where access to justice might be an issue. I cannot promise a debate at the moment, but no doubt when the review has reached its completion, there will be an opportunity.

Mark Tami (Alyn and Deeside) (Lab): Last week, the Prime Minister said that our troops would be back from Afghanistan within five years, but yesterday he was contradicted by the Secretary of State for Defence. May we have a debate to clear up this mess as soon as possible?

Mr Heath: As the hon. Gentleman knows, we are committed to regular debates on the conflict in Afghanistan and Defence questions are on Monday—there are questions on policy in Afghanistan on the Order Paper, which will give him the opportunity to raise that. It is absolutely clear that there is the intention of withdrawing our forces when the job is done, and we all hope that the job will be done at the earliest possible opportunity. I do not see any difficulty in reconciling that position.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Last week, when I asked for a Government statement on Equitable Life, the Leader of the House rather breezily told me that there was no need for a statement because there would be a Bill, but there was no mention in today's business statement of the Bill's introduction. Given the time it takes for legislation to go through both Houses of Parliament, is not the reality that any legislation is unlikely to be enacted until the end of this year at the earliest, which means that payments will not be made until some time in 2011? May we have not only a statement but a debate on that cruel betrayal of Equitable Life policyholders by the Conservatives and Liberal Democrats, given the promises they made before the election? That is also a betrayal, incidentally, of Members such as myself, who misguidedly voted for a Liberal Democrat motion on the matter a few weeks before the election.

Mr Heath: The hon. Gentleman has been a doughty supporter of Equitable Life policyholders over the years, as have I and many hon. Members on both sides of the House. It does not really help if he now uses the terms that he has for this Government, who are trying to deal with the issue after year after year of prevarication from the previous Government. They set up Sir John Chadwick's review. He has not yet completed it. He is now talking about reporting in mid-July, so we have to await the end of the review. There is no question about that.

My right hon. Friend the Leader of the House has said that legislation will be introduced at an early opportunity, and it will be.

Chris Leslie (Nottingham East) (Lab/Co-op): Will the Deputy Leader of the House consider his reply to the hon. Member for City of Chester (Stephen Mosley) about the redundancies announced by the insurance arm of Lloyds Banking Group. Lloyds is, of course, largely owned by the Treasury. Of those posts, 198 are going from Nottingham. What can be done to help with retraining and redeployment of those made redundant? Many of our constituents in Nottingham are very concerned about this matter.

Mr Heath: The hon. Gentleman may want to raise that in the context of the Opposition day debate, because it is clearly relevant to that. I perfectly understand the concerns that he expresses on behalf of his constituents. We want to make sure that every possible assistance is given by the Government to the individuals made redundant. We bandy around percentages, but someone who loses their job is 100% unemployed until they find another job. That is the human tragedy that we always have to have in mind.

I hope that the hon. Gentleman will use that opportunity. If he feels that there is more that can be done, I hope that he will seek a debate on the issue either in Westminster Hall or on the Adjournment. Such issues are very important. I leave the hon. Gentleman with one parting shot. He is right: this is a bank in which the UK Government have a significant holding. I wish that the previous Government had applied some effective constraints on the way banks operated when they took that equity in the banks.

Mr Speaker: I am grateful to colleagues for their co-operation, which has enabled everyone who wanted to contribute to do so.

Points of Order

12.32 pm

Andy Burnham (Leigh) (Lab): On a point of order, Mr Speaker. Further to the points raised during business questions by my hon. Friends the Members for Halton (Derek Twigg) and for Garston and Halewood (Maria Eagle), we have heard this week, 20 years on from the Hillsborough disaster, that there are still misconceptions about the tragedy, even in the Cabinet. That is precisely why I, together with my two hon. Friends, called for the full disclosure of all public documents relating to the disaster and the establishment of the Hillsborough independent panel to give the people of Merseyside the full truth and to end the misconceptions once and for all.

Together with the former Home Secretary, we signed off the terms of reference and the funding for the Hillsborough independent panel before the election. The policy was settled. Today in the *Daily Mirror* I read that sources in the Department for Culture, Media and Sport say that the Secretary of State is taking a new look at the issue and

"Things are not as simple as before".

Is it in order that on an issue of this significance and importance a change of policy can be dealt with by off-the-record briefings? Do the people of Merseyside not deserve the courtesy of a Minister of the Crown coming to this House to tell them exactly what they are up to?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order and for advance notice of it. I reiterate at the outset that if a Minister intends to make a new commitment in terms of policy or to change a hitherto understood public policy, he or she is expected to make that clear first to the House, as I hope experience earlier this week testifies.

I appreciate the extreme importance of this matter. I am not aware thus far of any intention on the part of a Minister to make a statement. It is open to the right hon. Gentleman and other hon. Members to table questions—*[Interruption.]* Order. The request that the right hon. Gentleman has made will have been heard on the Treasury Bench, and I repeat that if a new policy is planned we had better hear about it here first.

Finally, and more widely, it might be of interest to the House to know that applications have already been made for an Adjournment debate on this subject. Those applications were not successful in the ballot, but knowing the persistence and indefatigability of colleagues who are interested in this matter, I have a hunch that they might apply again and, who knows, they might be successful.

Derek Twigg (Halton) (Lab): Further to that point of order, Mr Speaker. I seek your guidance and patience on this matter, but I know that you understand because I have raised before the great concern not only on Merseyside but nationally and internationally about what is happening. We have had a disgraceful statement from a Minister this week. We have now had briefings and rumours about the release of documents and arguments about financing. An Adjournment debate is one way of looking at this, but is there anything more you can do to persuade Ministers to come here urgently next week to make a statement? The Deputy Leader of the House must have known about this issue because it has been in the national news all week, yet he could not give us an answer.

Mr Speaker: I appreciate the importance that the hon. Gentleman attaches to the matter. He has raised it before and he feels a commitment to his constituents in relation to it. Therefore, it is understandable that he has flagged it up in passionate and explicit terms with me this afternoon. I do not think that I can add anything, however, to what I have already said. If a new approach or policy is planned on a matter of great importance, which this certainly is, it should be the subject of a statement to the House first. I have now said that twice so I am sure that it has been heard in the relevant quarters.

Mr Kevan Jones (North Durham) (Lab): On a point of order, Mr Speaker. You have just reiterated that Ministers should come to the House when there has been a change of policy. The Prime Minister came to the House two weeks ago and made a statement on the important subject of our involvement in Afghanistan. He then briefed the press when he went to Canada last weekend about time limits for our withdrawal. Yesterday the Defence Secretary attended the right-wing Heritage Foundation in Washington. Is it not right that they should make announcements here if policy has changed in the past two weeks on Afghanistan?

Mr Speaker: All I can say to the hon. Gentleman is that discussion of public policy is an ongoing process. It takes place all the time and Ministers can discuss policy issues in a variety of ways, including in speeches and exchanges outside the House. The crucial point is this. When a new policy is to be announced, it must be announced here first. All that I can say is that I will keep a beady eye on this matter, not merely on a weekly basis but on a daily basis.

Mr Dave Watts (St Helens North) (Lab): On a point of order, Mr Speaker. Now that the Deputy Leader of the House has agreed to arrange for a debate on the Government's policy on fairness, how do I find out when that debate will take place?

Mr Speaker: I think the answer to the hon. Gentleman's point of order is that that is a matter for the Leader of the House and, in his absence, the Deputy Leader of the House. It is quite possible that a cosy chat will shortly ensue between the hon. Member for St Helens North (Mr Watts) and the Deputy Leader of the House.

Diana R. Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Speaker. This follows on from my question during business questions and may be more appropriate for you. When they came through security into the House yesterday, my constituents were asked to remove a campaign T-shirt or turn it inside out. Can you give some guidance to our security staff with regard to that policy?

Mr Speaker: I shall certainly investigate the matter and revert to the hon. Lady. I am not familiar with the circumstances of this case, other than from what she said. An overly restrictive approach in matters of this kind is undesirable. Occasionally, a bit of flamboyance is not such a bad thing. I think I can say that to the hon. Lady from personal experience.

Global Poverty

12.39 pm

The Secretary of State for International Development (Mr Andrew Mitchell): I beg to move,

That this House has considered the matter of global poverty.

This is the first opportunity since the general election that the House has had to debate international development and my first chance, as Secretary of State, to set out for the House how the coalition will address this vital agenda. My purpose today is twofold. First, I want to set out for the House the changes that we are making in my Department. Secondly, in the context of last week's Budget, in which the Chancellor set out the scale of the fiscal crisis bequeathed us by the previous Government—a crisis that means that of every £4 of public expenditure, £1 is borrowed—I want to make it clear why our coalition Government stand four-square behind our commitment to the world's poorest people, and why we will increase our expenditure on international development to 0.7% of our gross national income from 2013, define that expenditure under the OECD/Development Assistance Committee rules and enshrine that commitment in law.

In his Budget, my right hon. Friend the Chancellor reaffirmed that development spending will increase. As the Prime Minister has consistently made clear, the coalition Government will not seek to balance the books on the backs of the poorest in the world. It is clearly helpful that that strong commitment transcends party politics, both in the House and in the country. It is a strength of international development that it is seen not as the preserve or the passion of any one political party, but as a British commitment in which Members in all parts of the House strongly believe.

In that context I would like to say how pleased I was to see that the right hon. Member for Gordon (Malcolm Bruce) has been elected—unopposed—to resume his chairmanship of the Select Committee on International Development. I am also pleased that many hon. Members, including my hon. Friend the Member for Banbury (Tony Baldry), who have a long record of particular involvement and commitment in this area are in their places.

I should also like to express my admiration and respect for the extraordinary collection of skills and expertise in the Department for International Development, which I now have the privilege to lead. As the Prime Minister said on his visit to the Department last week, we should be very proud of the leading role DFID is taking in the fight against international poverty. The fact that in this time of great economic difficulty DFID has a ring-fenced, protected budget is not because we believe that money alone is the key to international development.

Malcolm Bruce (Gordon) (LD): I welcome the right hon. Gentleman to his position as Secretary of State. He said that he hoped to enshrine in law the commitment that all parties in the House share. Can he give any more information on how and when that might happen?

Mr Mitchell: I thank my right hon. Friend for his comment. I am not able today to give final details, but negotiations continue in the usual manner. I shall make sure that the House is informed as soon as final decisions on that point have been made.

We understand that one of the main causes of sustained poverty is conflict—that it is conflict that so often condemns women and children to grievous suffering. If someone is living in one of those dreadful camps, which hon. Members may have visited, around the world—the Prime Minister and I visited some in Darfur—it does not matter how much access to money, aid, trade or different articles of development they may have, because for as long as the conflict continues, they will remain poor, frightened, dispossessed and angry. Just as conflict condemns people to remain in poverty, so it is wealth creation—jobs, enterprise, trade and engagement with the private sector—that enables people to lift themselves out of poverty. All that underlines, again and again, as the Prime Minister did at the G20 last weekend, the importance of not giving up on the Doha round and, notwithstanding how difficult it is, remaining absolutely committed to it.

Making progress in the fight against international poverty and achieving the goals set down by the whole international community and enshrined in the eight millennium development goals cannot be done without meeting the financial commitments set out so clearly at Gleneagles in 2005—commitments that were underlined and strongly endorsed by the Prime Minister in Canada at the weekend. Although the British Government focused particularly at the G8 summit on MDG 5 on maternal mortality, the most off-track of all the MDGs, we are also leading the argument for real progress to be made on all the goals.

When the UN summit meets in September in New York, there will be just five years left for those goals to be achieved. We want to see measurable outcomes and a clear agenda for action agreed for the whole international community to ensure that the goals are now reached. In essence, we are trying to ensure that good, basic health care, education, clean water and sanitation reach the people at the end of the track, who today in all too many places in the world have none of those things.

Well spent aid has achieved miracles around the world. That is not of course to argue that aid is not sometimes stolen, embezzled or badly used. We will confront all three of those things head-on, but thanks to aid we have eradicated smallpox; we have reduced polio from 350,000 cases a year in 1998 to under 2,000 today; while the number of people on life-saving treatments for AIDS has increased from 400,000 in 2003 to 4 million in 2008. In Afghanistan, there are today 2 million girls in school thanks to the international aid effort.

Chris Kelly (Dudley South) (Con): In a recent article in a major newspaper the Secretary of State was singled out for particular praise by Bill Gates. Can my right hon. Friend inform the House how he plans to work closely with Mr Gates's foundation in the coming years?

Mr Mitchell: I am very grateful to my hon. Friend for that intervention. The Gates Foundation has had a profound effect on the way we see and act in international development. Our contacts with the foundation, already significant, are certainly set to intensify.

Mr David Lammy (Tottenham) (Lab): I welcome the right hon. Gentleman to his post. He has said a lot about aid, and clearly the role of his Department is hugely important in these matters. Does he accept,

however, that in relation to developing countries, what goes on across Whitehall is hugely important? I hope he will also talk about his relationships with the Ministry of Defence, the Department for Environment, Food and Rural Affairs and those Departments responsible for matters that have an impact on poor people.

Mr Mitchell: The right hon. Gentleman makes an extremely good point, and I hope to come to all those matters during my remarks.

Mr Oliver Heald (North East Hertfordshire) (Con): May I pay tribute to my right hon. Friend in his role and ask him a question about civil justice? In many areas the problem of policing and ensuring that people can obtain justice is one of the most difficult and intractable. Is he bearing that in mind in his duties, particularly in the context of Afghanistan?

Mr Mitchell: I thank my hon. Friend for that comment. Yes, the issue of grievance procedures—how one resolves grievances—is of particular concern in Afghanistan, and we are looking precisely at that in conjunction with other important matters in the run-up to the Kabul conference.

Our determination and commitment to tackling these problems ever more effectively is both a moral matter and one that is very much in our national self-interest. I believe that in a hundred years' time generations that follow will look back on us in very much the same way that today we look back on the slave trade. They will marvel that our generations acquiesced in a world where each and every day almost 25,000 children under five die needlessly from diseases and conditions that we absolutely have the power to prevent. For the first time, not least through the benefits of globalisation, our generations have the power and ability to make huge progress in tackling these colossal discrepancies in opportunity and wealth around the world.

Many Members will have their own direct experience of what I am describing. In my case, I think of a visit to a remote corner of Uganda with the Medical Missionaries of Mary, who work with families of AIDS orphans. I remind the House that there are more AIDS orphans in sub-Saharan Africa than there are children in the whole of the United Kingdom. I think of the family of six orphaned children I met, of whom the eldest, at 14—the same age as my own daughter at the time—battled each and every day to get her siblings dressed and to school. I remind the House that today Britain is educating 4.8 million primary schoolchildren in Britain, while at the same time in the poor world we are educating 5 million children at a fraction of the cost; in fact, 2.5% of the UK cost.

It is those harsh realities of life in large parts of the world—grinding poverty, hopelessness and destitution—that have galvanised the commitment and passion of so many in our country today to ensure that, in our time, through our generations, we will make a difference. It is true that charity begins at home, but it does not end there.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I welcome the right hon. Gentleman and his colleagues to their places and wish them well during their tenure. In respect of personal experience, my wife and I were able to benefit from a VSO placement in Bangladesh. The VSO placement scheme for parliamentary colleagues has been running for a couple of years, but will his Department continue to support it? It offers parliamentary colleagues an opportunity for short placements of two to four weeks during the summer recess in order to visit some of the countries that DFID supports, and to learn much more about its work.

Mr Mitchell: I am grateful to the hon. Gentleman for his intervention. I cannot give him that guarantee today, but I am familiar with the scheme he describes. It is an excellent scheme, and we have no plans to alter it at this time, but I shall write to him, giving him specific details, when we have made a decision.

What is less easily articulated is that tackling poverty throughout the world is also very much in our national interest. Whether the issue is drug-resistant diseases, economic stability, conflict and insecurity, climate change or migration, it is far more effective to tackle the root cause now than to treat the symptoms later. The weight of migration to Europe from Africa is often caused by conflict, poverty, disease and dysfunctional government. We see people putting themselves into the hands of the modern equivalent of the slave trader and crossing hundreds of miles of ocean in leaky boats in the hope of tipping up on a wealthy European shore. Often, they are not people seeking a free ride, but the brightest and the best from conflict countries, seeking a better life for themselves and their families. It is much better to help them to tackle the causes of their leaving the country that they have come from. Our prosperity depends on development and growth in Africa and Asia.

Barry Gardiner (Brent North) (Lab): I welcome the Secretary of State to his new position, and I know that he understands the close relationship between development and the environment. Will he add to the list of the issues that he has just mentioned the importance of ensuring that environmental issues are taken into account as part of the development process? Will he also commit to ensuring that, on the climate change promise that the previous Government made, there will be no more than a 10% overlap between environmental projects to combat climate change and development aid—that his Government, too, are willing to continue with that commitment?

Mr Mitchell: I thank the hon. Gentleman for his remarks. On his general point, he is absolutely right about the importance of including in all our aid and development activity a climate-smart approach—one that, as he says, reflects the importance of the environment. In opposition I had an opportunity to see the direct correlation between those issues in many different parts of the world, and, although I shall not speak extensively today about climate change, I very much hope that there will be another opportunity to do so, and I take his point on board.

In respect of the figure of 10%, the hon. Gentleman will have to wait for the result of the spending review, but as he will know, the "fast start" money, which the previous Government announced and we support, will all come out of that 10% and out of the official development assistance budget. We have confirmed that that will happen under our Government, too.

I deal now with the changes that we are making in my Department, and the plans that we set out in the coalition agreement. A protected budget, at a time when expenditure

[Mr Andrew Mitchell]

elsewhere is being reduced, imposes a double duty to eliminate waste and unnecessary expenditure and to demonstrate at every turn that we are achieving value for money.

Mr Tobias Ellwood (Bournemouth East) (Con): I welcome my right hon. Friend to his position; I am very pleased to see him and his team in place. One dilemma under the previous Government was that, although money was poured into various countries, whether it should have gone there was questionable. India, for example, has a space programme, and China hosted one of the most elaborate and expensive Olympic games ever. In South Africa, I recently visited the Khayelitsha townships, which were horrifying to see, but at the same time there are rich parts of that country. One must ask whether we might put more pressure on those countries to help themselves, rather than just passing on money—I hear, in China—to the tune of £30 million. Has the Secretary of State had an opportunity to consider those issues?

Mr Mitchell: I thank my hon. Friend for his detailed intervention. If he will allow me to come to the point directly, I shall then answer his specific point about China.

I was making the point that a ring-fenced budget imposes a double duty on my Department to eliminate waste and unnecessary expenditure, and to ensure that we achieve value for money. Within a few days of taking office, I cancelled funding for five awareness-raising projects, including a Brazilian-style dance group specialising in percussion in Hackney, securing savings in excess of £500,000. In addition, I am cancelling the global development engagement fund, which would have funded further awareness-raising activity in the UK, and creating savings of £6.5 million. I shall make further announcements on prudent and sensible savings over the coming weeks.

I expect shortly to be able to announce that more than £100 million will be saved from projects that are a low priority or not performing. That money will be reallocated to programmes that are more effective in helping the world's poorest people. Last but by no means least, I am letting out another floor of my Department. That better use of space in DFID will earn revenue of almost £1 million a year, once let.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): DFID has cancelled grant support for a project run by Scotdec, the Scottish development education centre, which has offices in my constituency. It was given no reason for the withdrawal, other than the new policy that the Government announced, and it was just about to submit the one-year evaluation of its project. Does the right hon. Gentleman accept that that is not the way to act if he is to encourage projects to respond to Government concerns? Surely Scotdec should have been given an opportunity to respond to any Government concerns about its project, and should not the Government reconsider the funding withdrawal that he announced a few weeks ago?

Mr Mitchell: I have had a letter from the hon. Gentleman on that point, and I wrote to him late last night. I apologise for the fact that he did not receive it in time for this debate. I should make it clear to him that several projects to which I put a stop will now proceed, and officials are in touch with those responsible for them, making clear our value-for-money requirements. However, I have cancelled five, including the one to which he refers, after looking very carefully at them and following advice from officials.

Let me list those five projects. I hope that the House will consider whether they should be funded from Britain's development project. First, there was £146,000 for a Brazilian-style dance troupe with percussion expertise in Hackney. Secondly, there was £55,000 to run stalls at summer music festivals. Thirdly, there was £120,000 to train nursery school teachers in global issues. Fourthly, there was £130,000 for a global gardens schools' network. And finally, there was £140,000 to train outdoor education tutors in Britain in development.

Spending money on international development in the UK rather than on poor people overseas seems highly questionable. We need to ensure that any expenditure has demonstrable outcomes in developing countries, and that is why I took the action that I did. However, I have written to the hon. Gentleman, and he will have a chance to see in some detail why we took those decisions.

Mr Lammy: Will the right hon. Gentleman comment on the Greenbelt festival, from which it was proposed that money be withdrawn? I make that point in the hope that he will appreciate that faith communities—particularly, the Christian community, as represented in that festival—have done a considerable amount over a considerable time to raise the prominence of development issues. We would not have had Jubilee 2000 and, then, Make Poverty History without that movement.

May I also say gently to the right hon. Gentleman that the projects that he outlined largely touch on young people—it is hugely important that they continue to lobby Governments to make more progress—and on ethnic minorities, in which regard we should recognise that when we talk about development, it includes those who have come to this country and look overseas to see what we are doing?

Mr Mitchell: The right hon. Gentleman makes an interesting and not unreasonable point. However, the balance of judgment that has to be made is whether this money should come out of the ring-fenced development budget. As I said, we intend, in very difficult economic circumstances, to seek to carry the country with us as regards the validity of this budget. I have explained in some detail why that is so important on moral grounds, as well as on national self-interest grounds. I feared that the budget was in danger of being discredited by some of the existing schemes that I have decided to stop, and that is why I made that decision.

Tony Baldry (Banbury) (Con): There is a simple test for all the Department's spending—does it fall within the definition of international development set by the OECD's Development Assistance Committee? Clearly, none of these schemes did. If we are going to have ring-fenced spending, we will need to ensure that it falls within the DAC definition.

Mr Mitchell: My hon. Friend makes a very important point about value for money.

I suggest to the House that we will not be able to maintain public support for Britain's vital development budget unless we can demonstrate to the public's satisfaction that this money is really well spent. The lights have been burning late in DFID as we embark on our ambitious programme of reform. In the seven weeks since the election, we have wasted no time in laying the foundations for a fundamentally new approach to development—an approach rooted in rigorous, independent evaluation, full transparency, value for money, and an unremitting focus on results. Our Government will place the same premium on the quality of aid that the previous Government placed on the quantity of aid. We will judge performance against outputs and outcomes rather than inputs.

Hard-pressed taxpayers need to know that the expenditure of their money is being scrutinised fully and is really delivering results. We are therefore working to develop an independent aid watchdog, as we consistently promised throughout the past four years, to evaluate the effectiveness of DFID's spending. We will also modify the way that aid programmes are designed so that gathering rigorous evidence of impact is built in from the day they start. This will allow us to take decisions about how we spend and allocate aid on the basis of solid evidence. I expect to report to the House shortly on both of those initiatives.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I would be grateful if the Secretary of State could reconcile the statement that he has just made with the written answer that he extended to me when I questioned the £200 million—the largest single cash announcement he has made in the past few weeks—that is now going to Afghanistan. When I urged him to clarify what that £200 million of input would deliver in output, he replied:

"We will make specific decisions on spending and focus areas in time for this event."—[*Official Report*, 24 June 2010; Vol. 512, c. 349W.]

The event is the conference to be held in July in Afghanistan. Why was such an announcement made if the rigorous focus on outputs that he has upheld to the House as the new approach in the Department has been applied?

Mr Mitchell: The right hon. Gentleman makes a very interesting point. We are working on the effectiveness of measures that are already being taken in Afghanistan—*[Interruption.]* Well, if he will just bear with me, I will, in the spirit of his question, give him the answer to it. We are looking carefully at a series of inputs in relation to the effectiveness that they will achieve, and we hope to be able to announce some of the findings in the run-up to the Kabul conference. When the Prime Minister gave that figure, he was referring to the amount that we have managed to find for additional expenditure in Afghanistan as a result of closing down or changing other programmes. How that money will be spent will be accounted for by me to the House as soon as those decisions have been made.

Mr Alexander: I would hope that the right hon. Gentleman can do a little better than that. I hear that so far the only output from the £200 million that has been announced is a press release. Can he confirm what the £200 million is actually going to purchase?

Mr Mitchell: I think that the right hon. Gentleman can do a lot better than that. He will have to wait until we issue our proposals ahead of the Kabul conference, and then he will be able to judge them on their merit.

In addition, our aid budget should be spent where it is needed and where it can be best used. We have therefore started a review of all our bilateral aid programmes so that we can be clear that money is being properly targeted and worthwhile results obtained. We have already announced that we will end aid to China and Russia as soon as it is practical to do so. We want to work with them as partners, not as donors and recipients. We cannot justify giving taxpayers' hard-earned money to a country that has just spent billions hosting the Olympics or is a member of the G8. In that context, my hon. Friend the Member for Bournemouth East (Mr Ellwood) raised India. We will be looking very carefully at the Indian budget, and we will issue any new proposals as part of our bilateral review.

Hugh Bayley (York Central) (Lab): When the International Development Committee wrote its most recent report about aid to India, which is currently our biggest bilateral aid receiving partner, we did not call for an immediate end to the aid programme in India but proposed that between now and 2015—the millennium development goals date—the aid programme should be changed so that there was no longer a cash transfer after that date. The Secretary of State's remarks suggest that he has not decided to go along with the Committee's recommendation. What are his plans, and why has he taken that decision?

Mr Mitchell: I understand the hon. Gentleman's interest in India; he was a distinguished member of the International Development Committee. I have seen that report, which makes a very valuable contribution and will be considered as part of the bilateral review of our India programme.

We are conducting a similar review of our multilateral aid budget. There are good reasons for working through international bodies, but I want to be certain that all our funding is being used to support programmes that align with our priorities, and that operational efficiency is as strong as it should be. In New York on Monday, in meetings with the heads of the United Nations Development Programme, UNICEF and the United Nations Population Fund, I had the opportunity to set out the reasons for this review. I have also spoken to the heads of other multilateral agencies, including the World Food Programme. At the Foreign Affairs Council in Luxembourg, I took the opportunity to discuss our plans with Commissioner Piebalgs of the European Union. Multilateral organisations that are performing well for the world's poorest people stand to gain from this review, but if such agencies are not performing we will scale down funding, or even stop it altogether. Our duty to the world's poorest people, as well as to the British taxpayer, demands nothing less.

Ann McKechin (Glasgow North) (Lab): I welcome the Secretary of State and his team to their posts. I notice that one issue of which he has made no mention so far is gender. Can he confirm that gender equality and the role of women and children will receive equal, if not greater, priority under his guidance in the Department?

[Ann McKechin]

Given that the Secretary of State has a particular interest in Afghanistan, may I bring to his attention this week's excellent BBC television report by Lyse Doucet about the status of women in prisons in Afghanistan, the vast majority of whom are in prison for no crime whatsoever, in breach of the international conventions that Afghanistan has signed up to? Can he give an assurance to the House that he will call on the Afghan Government to comply with their international requirements and to ensure that the position of women in Afghanistan receives the proper status that it deserves?

Mr Mitchell: I thank the hon. Lady for her comments. I will have a look at that report. On her first point about the role of women, I am coming to that directly in my remarks.

Doing the right thing with British aid is not just about saving money: it is about being honest and open about where our funding is going. Knowledge gives people the power to hold others—be they individuals, organisations or Governments—to account. That is why I have launched a new UK aid transparency guarantee that will help to make aid transparent not only to people in the UK but to those in recipient countries.

Mary Macleod (Brentford and Isleworth) (Con): Will my right hon. Friend give way?

Mr Mitchell: I am going to make a bit of progress, and then I will of course give way.

Building up civil society in the developing world is crucial to enabling citizens to hold their own political leaders to account. The transparency guarantee will help to create millions of independent aid watchdogs—people around the world who can see where aid is supposed to be going and shout if it does not get there. From January, we will publish full details of DFID projects and programmes on our website so that everyone can have access to information about where our funding is going and what it is intended to achieve. The simple act of publishing information can reduce the amount of corruption and waste, improve the quality of public services and increase public sector accountability.

I wish to make two further points about Britain's bilateral aid programme. First, where it is relevant, in every country where DFID is active we will pay particular attention to the fight against malaria. It will be the responsibility of my hon. Friend the Under-Secretary of State for International Development, whose involvement, expertise and knowledge in the matter is well known to the House. It is simply unconscionable that in this day and age, thousands of children and adults die every day from that completely preventable disease. If there were an outbreak of malaria in Europe it would immediately be stopped in its tracks. Reducing the burden of malaria in the developing world and focusing on the areas of highest infection will be an essential part of our programmes.

Secondly, we must extend far further choice for women over whether and when they have children. It is outrageous that today in sub-Saharan Africa, only 15% of women have access to modern methods of contraception. I simply lay this fact before the House: every year, 20 million women have unsafe abortions, and 70,000 of them, many still girls, die as a result. Some 215 million women around the world who want to use modern contraception do not have access to it. No statistic could more eloquently underline the importance of allowing women to choose whether to have children, and we will pursue that argument vigorously and single-mindedly.

I invite the House to consider the further point that in Niger, one of the poorest countries in the world, a population of 3 million in 1960 has grown to nearly 16 million today, and expert opinion judges that it will rise to nearly 60 million in the next 40 years. It is a country that suffers deeply from political, economic, climate and food insecurity. As I said last week in Washington, Britain will place women at the heart of our whole agenda for international development.

That subject is closely related to the Prime Minister's insistence at the G8 last weekend on combined action on maternal and child mortality. As he made clear in Muskoka, a woman's chances of dying in pregnancy and childbirth are one in 8,200 in the UK, whereas in Sierra Leone they are a stark one in eight. The resources agreed at the G8, including a significant contribution from the United Kingdom, should lead to an additional 1.3 million lives being saved.

Richard Ottaway (Croydon South) (Con): I welcome what my right hon. Friend has just said. It is not just helping women that is to be welcomed, because it is a simple fact that no country has got itself out of poverty without first stabilising its levels of population growth. Furthermore, we are very unlikely to achieve the millennium development goals without stabilising population development. I warmly welcome his points and I urge him to give even greater emphasis to a global family planning approach to aid.

Mr Mitchell: I thank my hon. Friend very much for those comments. As the House will know, he can probably lay claim to being the House's greatest expert on population issues.

Important though aid is, it is only part of the solution—a means to an end rather than an end in itself. The key to development is sustained economic growth. Over the years ahead we will help more countries put in place the building blocks of wealth creation—trade, a vibrant private sector, property rights and a low-carbon, climate-resilient economy. We are reorganising the structure of the Department to ensure a sharper focus on wealth creation and economic growth. I will give the House further details of that in due course. I am also considering carefully the contribution made through CDC and considering how to improve its capacity to take forward development objectives.

I turn to the support that we give to the brilliant non-governmental organisations, charities and civil society institutions whose work I have seen all around the world. It is often inspirational and a huge credit not just to their supporters but to Britain itself. They make an outstanding contribution to development work. As we said in opposition, we want to develop that work through our poverty impact fund. The principle of that fund will be both simple and clear: if an NGO is engaged in development work that takes forward the millennium development goals, we will be prepared to match-fund its budget if it, in turn, can increase its outputs and

outcomes accordingly. That will, of course, be subject to our being satisfied of the probity of its funding and accounts. The fund will enable the taxpayer to piggyback on the expertise and development results of some of Britain's best charities and NGOs. Again, I will report to the House on progress in due course.

As I mentioned earlier, we will never forget that one of the biggest barriers to global prosperity is conflict. Helping affected states and their people on to the ladder of prosperity is the greatest challenge of our time, so we will make conflict prevention, resolution and reconstruction central to our approach to development. I have visited both Afghanistan and Pakistan within the first few weeks since being appointed and witnessed at first hand the real challenges that exist in those countries. Together with the Foreign Secretary and the Defence Secretary, I was able to spend time not only with the Government of Afghanistan but with the brave men and women of our armed forces, who are doing such important but difficult and dangerous work.

Barry Gardiner: I am most grateful to the Secretary of State for giving way; he has been very generous.

On conflict, will the Secretary of State have discussions with his colleagues in the Cabinet about the situation in Sri Lanka and consider seriously the aid needs of the Tamil community in the north of that country? As I am sure he well knows, the aftermath of last year's conflict has left a number of displaced and dispossessed people who are desperate to return to their homes and need all the assistance that countries such as ours can provide to ensure that they are not victimised further by the Sri Lankan Government.

Mr Mitchell: I hear what the hon. Gentleman says. The Government have considered these matters, and I will write to the hon. Gentleman to let him know what our current view is.

The reason for sending our armed forces to Afghanistan was one of national security, but if we are to make long-term gains that will provide stability when our armed forces eventually hand over to Afghan security forces, we will require a long period of development in concert with the international community, NGOs and other countries' aid programmes. Through the new National Security Council set up by the Prime Minister, we are joining together defence, diplomacy and development to support security and stability, to help build a more effective Afghan state and to deliver development to people on the ground. Ahead of the Kabul conference, we are working with the economic cluster of Ministers to provide more support, particularly for training, boosting Government capacity and improving the workings of the justice system and grievance proceedings, which were referred to earlier. I expect to have more to say about that ahead of the Kabul conference, which both the Foreign Secretary and I will attend.

Our country is rightly famous for the contribution that we make at times of emergency and disaster around the world. There remain real challenges, some of which were demonstrated in the aftermath of the appalling events in Haiti in January. We want to ensure that Britain's reaction is always the best it possibly can be, and for that reason we have made it clear that we will set up a review of how Britain provides emergency relief. That will involve all the organisations in Britain that make an important contribution to that work. We are currently in advanced negotiations on how the review will proceed and who will chair it, and again, I shall keep the House closely informed.

At the first International Development questions of this Parliament, I paid tribute to the work of the outgoing Prime Minister on international development. His passion and drive in this matter is shared in all corners of the House and throughout the new coalition Government. I know that it will be a priority for many in the House, and I am confident that we will make significant progress over the years to come.

1.18 pm

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I reiterate the personal congratulations that I extended to the Secretary of State and his right hon. and hon. Friends on the Treasury Bench on their ministerial appointments at this, our first debate of the new Parliament. I also welcome at this early opportunity those who will contribute today to their first debate on global poverty. Many Members in their places today, some of whom are new Members, have great expertise on the matter and a deep personal commitment to it, and I look forward to their contributions to our deliberations this afternoon.

It is now almost five years to the day since that remarkable Make Poverty History march took place in Edinburgh and the Live 8 concerts took place around the world. For those of us who were committed enough to march in Edinburgh that day, it was truly inspirational. The view of Edinburgh castle from Princes street, a view I had seen many times previously, was on that day transformed by the banner that spanned the length of the castle ramparts and declared our common mission to make poverty history. Around the world, thousands more gathered in fields and stadiums to join with millions wearing white bands to demand that the G8 leaders take action.

Five years on, we are sadly in less auspicious circumstances in the fight against global poverty. Nevertheless, it would be wrong to focus only on the negative or on the challenges confronting us today. For when promises are kept, they can make life-changing differences. Since that declaration of global solidarity in July 2005, it is fair to say that there has been significant progress, albeit not enough. I am especially proud that it was a Labour Government who led the way both on aid volumes and on aid effectiveness. Indeed, the most recent DATA report published by the ONE campaign ahead of the recent G8 meeting in Canada declared:

"The UK is the indisputable overall leader amongst the G7 countries in delivering on its ODA commitments".

That judgment followed a previous report that stated that the UK was the "leader" in the G7 on aid effectiveness. What a contrast with the 18 years before 1997, which had seen our aid as a percentage of gross national income halve, the tying of aid to commercial interests and the shame of scandals such as the Pergau dam.

The last decade of delivery in the fight against global poverty has been regarded by some as a golden age, from the Jubilee 2000 campaign for debt relief through to Make Poverty History and Gleneagles. But we now face far more turbulent and testing times, and new challenges confront us. The world has been engulfed as never expected by the greatest financial and economic

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crisis for generations, thrusting millions of our fellow citizens back into poverty and creating pressure for donor Governments across Europe and the world to turn inwards and slash aid funding. At the same time, the urgency of tackling the climate crisis has become ever more evident, and yet the capacity of the international community to take the necessary action still remains elusive.

A world trade deal that could lift millions out of poverty has remained out of reach. State fragility and continuing conflict have continued to plague and stunt the progress of too many lives. The creaking international system, devised in a different time and for a different set of challenges, has itself been placed under ever greater strain. In this country, despite the words of the Secretary of State today, I still believe that there remain fundamental differences of approach to the challenge of development.

So let us start by recalling what truly progressive leadership can deliver. The agreements made at Gleneagles, made in part because of the great public expectation that was generated around the G8 and developing country Governments by the global anti-poverty movement, have contributed to real progress for many of the world's poorest people. The recent DATA report highlights the issue of malaria—about which we heard something in the last few minutes—where the world has exceeded the Gleneagles goal of delivering 100 million bed-nets, with 200 million more delivered between 2006 and 2009. On education, the report states that the savings from debt relief, development assistance and scaled-up prioritisation mean that 42 million more children have been enrolled in school.

However—despite these achievements—as Oxfam has pointed out, some 40% of the promised aid increases made at Gleneagles have not been delivered. That means that there is as much as a $20 billion hole in the promises the G8 made back in 2005—enough, as the House need not be reminded, to put every child in school or stop millions of children dying of malaria.

The 60% that we helped to deliver has made a huge difference, but the shortfall is continuing to cost lives today. That is why it was so urgent for G8 leaders to focus and take real and substantive action on maternal mortality and child health at their summit in Canada this past weekend. Every year, approximately 350,000 mothers die from complications during childbirth, and 8.8 million children die before their fifth birthday. The Secretary of State and the Prime Minister made a number of statements about their commitment to this agenda in the media and in speeches over recent days. We heard those again this afternoon, and I welcome the rhetorical commitment offered by the Secretary of State today. Speaking in Washington recently, he said:

"When a jumbo jet crashes anywhere in the world it makes the headlines. If it were to crash week in week out in the same place there's not a person alive who wouldn't be talking about it. The international community would set up an enquiry and no money would be spared in making sure it never happened again. Yet, in Nigeria, the equivalent number of women die each and every week from pregnancy-related causes—and the world stands mute."

Those are important and welcome words, although I have to say that they are not entirely original. Indeed, I recollect the particular official in DFID who encouraged me to use this very analogy when I too was preparing public remarks on maternal mortality. I only hope sincerely that the new Secretary of State proves as willing to accept the expert policy advice of those officials as he seems to be willing to accept their speechmaking suggestions.

The truth is that actions speak louder than words. So now the results of the summit are out, will the Minister when he winds up offer a clearer explanation to the House than we have so far heard as to why the G8 achieved so little in that crucial area?

Oxfam, which the Secretary of State praised a few minutes ago, described the initiative launched as

"lower than our lowest expectations".

I was not surprised, but I was still outraged.

Blaming other leaders and using strong words is simply not good enough. Britain should be both leading by example and putting the hard graft into international negotiations. On the basis of Muskoka, it is questionable whether this new Government is doing enough. But that was not the only disappointment that we witnessed in Canada.

Tony Baldry: I had hoped that we might hear a slightly more consensual speech. I appreciate that the right hon. Gentleman was campaign manager for the late Prime Minister, but perhaps he could now focus on the international development brief. He cannot have it both ways. He cannot say both that the UK is leading by example—and the accountability report published in Canada shows that the UK is way ahead of the other G8 countries on contributions to the 0.7% target at 0.6% for 2010—

Mr Gareth Thomas (Harrow West) (Lab/Co-op): That was the Labour Government!

Tony Baldry: But the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) cannot have it both ways. He cannot say that we should lead by example, when we are leading by example, and then whinge about how we are doing.

Mr Alexander: Let me try to clarify the point that I am making. I am proud of our record, and the figures for the decade of delivery that we saw under Labour bear repeating. The House need not take my word for it. I am sure the hon. Gentleman will be willing to praise Oxfam if he has the opportunity to do so later, but Mark Fried of that organisation said after the summit:

"The only promise that counts is the Gleneagles one to increase aid by $50 billion by 2010 and that is the one they have abandoned today."

It was at Gleneagles that the efforts of the former Prime Ministers, Tony Blair and my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), buoyed by millions of campaigners around the world, achieved the historic promise to increase aid by $50 billion by 2010, with $25 billion of that going to Africa, and also agreed crucial steps on debt relief—what a disappointing contrast with Muskoka and Toronto.

The Prime Minister, writing in Canada's *Globe and Mail* newspaper shortly before this weekend's summits, said:

"I come to the G8 and G20 in Muskoka and Toronto with a clear commitment to make sure these summits deliver for people. Too often, these international meetings fail to live up to the hype and the promises made"

but he seemed all too willing to let other G8 leaders sweep their failures under the carpet by dropping the historic Gleneagles agreement from the final communiqué.

Mr Andrew Mitchell: In due time and on mature reflection, the right hon. Gentleman may regret the tone that he has adopted. He quotes one particular non-governmental organisation, but why does he not quote what CAFOD or ActionAid said, when they endorsed the Prime Minister's leading role in trying to ensure that other members of the G8 stand by the commitments that they made at Gleneagles and to which I referred in my speech?

Mr Alexander: Well, let us be clear about what that "leading" role involved. Why is it that Downing street admitted to *The Guardian* that the Prime Minister had simply

"not fought for the commitments to be included"

in the communiqué? To quote another NGO, Save the Children was moved to describe the resultant dropping of the Gleneagles communiqué as simply "shameful". So can the Secretary of State now tell us how many phone calls and meetings he and the Prime Minister held with other Ministers about maintaining their Gleneagles promises? Did they go the extra mile, or did they merely give up? The silence is deafening.

Mr Ellwood: As we are exchanging quotes, let me put on the record the truth about what happened regarding Gleneagles. ActionAid said that

"David Cameron is battling hard to safeguard the Gleneagles legacy... Cameron can hold his head high as the UK is standing by its aid commitments."

Rather than this silly exchange of quotes, we need to move the focus of the debate back on to poverty. Although these new organisations, such as the G8 and G20, are important, it is the older organisations, such as the UN, the World Bank and the International Monetary Fund, that have to pick up the pieces. The latter organisations are now out of date, having been created when the world was very different, but have to comply with what the G8 and G20 tell them to do. The failure lies there, rather than with the British Government.

Mr Alexander: It ill behoves the Conservative party to offer warm words of endorsement to the non-governmental organisation sector in the United Kingdom and then express such discomfort when their policy experts make a judgment on the conduct and performance of the Prime Minister in his first international summit.

I shall turn to the G20. I will, of course, welcome any attention that the new and larger grouping pays to international development and tackling poverty. I believe it is vital that the G20 discusses the wider global economic architecture, that the concerns of the poorest countries are at the forefront and that issues such as taxation and the regulation and taxation of the financial markets are treated as development issues, in the way we sought to do at the London G20 summit. I must express some scepticism, however, about another forum—the working group on development—being created under the auspices of the G20 at the same time as the G8 appears to be abrogating its responsibilities. In his winding-up speech, will the Minister tell the House how he envisages the new G20 group working and how it will be held to account?

Members of the G8 and G20 need to reach beyond the easy myopia that often besets publics and politics in difficult times. That is why I argued, in the White Paper that we published in 2009, that we must not turn away in fear and isolation. Although we rightly focus on tackling the global economic crisis, we must also take the longer view. We need to help fashion a world in which better regulated, greener and fairer markets operate for all, and in which growth and prosperity is generated and poverty alleviated, but not at the expense of people or the planet, on which we all depend. We need to create a world in which the skills and energies of the private sector are harnessed for the benefit of all, but in which its excesses are not treated as an acceptable by-product. We need to create a world in which we help to tackle the conflict and insecurity that blights the lives of so many ordinary people, particularly women and girls, with a broad-based concept of stabilisation, conflict prevention and peace-building that treats security and justice as basic services. We also need to create a world in which we maintain our promises to deliver the aid that helps to catalyse development and realise rights, that puts children into school, helps mothers have safer births, and ensures clean drinking water is available.

We must recognise that tackling poverty cannot be reached by spending aid alone—on that there is common ground between us—although our aid remains essential. We must take a transformative and holistic approach to development, looking at the wider global economy and issues such as tax, conflict, sustainability and gender.

Barry Gardiner: Was my right hon. Friend as revolted as I by photographs in the press in the past couple of days showing the beating of young boys in Bangladesh by police? Those boys were in the textile workers industry and trying to improve their own conditions—currently they earn $35 a month. Does he agree that we need to incorporate into our view and distribution of aid a clear focus on human rights abuses in the country to which we are delivering an aid programme?

Mr Alexander: I find myself in agreement with my hon. Friend. I was similarly horrified by the pictures that appeared in Britain's newspapers. It reinforces the importance and urgency of continuing to make the case, not just for human rights, as he describes, but for effective mechanisms of democratic accountability so that the public in countries where such difficulties are emerging can exercise constraint on those Governments and security forces.

I want to address our aid promises, which have already been the subject of some of our exchanges. The Secretary of State and the Prime Minister have been at pains to insist repeatedly in recent weeks that they fully intend to meet the 0.7% aid target by 2013, and I welcome the fact that the coalition agreement, on page 22, section 18, under the title "International Development", states:

"We will honour our commitment to spend 0.7% of GNI on overseas aid from 2013, and to enshrine this commitment in law."

I was hoping that a little more clarity might have been brought to that commitment by the Secretary of State in the debate, but despite repeated questioning, we still have no timetable for the legislation he promised in the

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first Session of this Parliament. Indeed, I have here an explanatory note, issued by his Department on the day of the Loyal Address, entitled: "Background Note—Non Legislative Item—International Development Spending from 2013". Why is this the case, given that a draft Bill was scrutinised by the International Development Committee in the last Parliament? That deserves a better answer than the one offered today to the Committee Chairman. Will the Minister tell us when the legislation will be introduced?

Malcolm Bruce: I am grateful to the right hon. Gentleman for raising this point, but will he acknowledge that the Select Committee, in scrutinising, acknowledged that there were some difficulties with the draft legislation? There was not unanimity, and indeed his own Government acknowledged that more work needed to be done. Can we get this together? We want legislation, but it is not quite ready. I agree with him, however, that we want a timetable.

Mr Alexander: I am unyielding in my admiration for the right hon. Gentleman's commitment and expertise on these matters. I recognise that an important process of pre-legislative scrutiny was undertaken by his Committee, but I do not believe that the question of how to ensure effective legislation is what currently divides us. What divides us is the prospect of a parliamentary motion taking the place of legislation. I hope that he agrees that legislation is required.

Mr Andrew Mitchell: I never said that.

Mr Alexander: Forgive me, but I am reading from a background note published by Ministers that describes international development spending from 2013 as a "non-legislative item". If Department officials are not following ministerial direction, that is an issue for the Secretary of State rather than us. I hope that, in the winding-up speech, this matter can be clarified, with a clear and explicit commitment to legislation, along with a date.

Mr Mitchell: The former Secretary of State needs to elevate the nature of his speech. The right hon. Member for Gordon (Malcolm Bruce), the Chair of the International Development Committee, had it absolutely right. I do not know where the former Secretary of State got that piece of paper from, but I am happy to confirm that it is not accurate.

Mr Alexander: I am grateful for that admission from the Secretary of State, and I hope it will be followed up in the Minister's speech later with some clarity on the timing of when we can seek to make progress.

Mr Ellwood: The right hon. Gentleman has been generous in giving way. He is demanding, or requesting, that we expedite our interest in moving towards 0.7%, and that is understandable. However, he was in power for 13 years. One of the first private Members' Bills I was involved in was put forward by the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke), who proposed that the then—and indeed any—Government commit to this target. That was agreed and supported by Front-Bench Members at the time. Why, then, is the former Secretary of State now demanding that Conservative Members move faster, given that he had plenty of time to introduce this target into law under his own Administration?

Mr Alexander: As I have said, I am happy to have both main parties' records scrutinised. We trebled aid, whereas the previous Conservative Government halved it. My right hon. Friend played an honourable and distinguished role in ensuring that, through the International Development (Reporting and Transparency) Act 2006, there is effective scrutiny by the House of the rising budget line we delivered year on year. *[Interruption.]* Forgive me, but I will continue to speak through Mr Deputy Speaker.

I can assure hon. Members that I support the legislation that the Labour party proposed and brought to the International Development Committee for scrutiny. I would welcome the opportunity for our legislation to be passed expeditiously.

There is the question of where and how our aid money is allocated across Government, and on what it is spent. We believe that the majority of our overseas development assistance should naturally be programmed and allocated by the Department for International Development. We were joined in that view by the Secretary of State's now Cabinet colleague the Scottish Secretary, who warned during the recent general election campaign of the danger that Conservative plans could mean large sums ending up being diverted from the aid budget—for example, to count as climate finance in due course.

Let me quote to the House directly from the letter from the now Secretary of State for Scotland to the now International Development Secretary:

> "Dear Andrew...I am flattered by the attention that your researchers are paying to us, but would politely suggest that their efforts would be better spent explaining to voters and the 'development community' how Conservative plans for DfID would work; specifically, the very real danger that under your proposals DfID departmental expenditure would leak to other departments such as the MoD and the FCO, what exactly is meant by 'injecting business DNA into the department' and how exactly your proposed annual monitoring could hope to work for multi annual programmes.
>
> In other words, time better spent answering the very serious points raised by the NGOs and others about your own manifesto.
>
> With kind regards,
>
> Michael Moore."

Elsewhere in that intriguing exchange of letters, the Secretary of State attacked the now Scottish Secretary and the now Business Secretary for "undermining" the consensus on international development.

However, I am glad to say that it appears that the differences between the Conservatives and the Liberals have been resolved—in the same way that a python resolves its differences with a mouse. In the coalition programme for government, we see no mention of additionality in climate finance, despite the fact that climate finance is such a crucial issue, as has been recognised across the House today. In contrast, we made it clear in government that from 2013 we would ensure that additional sources of climate finance would be provided, with no more than 10% of our aid spending being allocated to that purpose. The Liberal Democrats had also called for additional climate finance, but alas, like their promises on VAT, this now appears to have

been another promise that has been conveniently forgotten. Will the Minister of State therefore tell us whether the Government intend to make any form of additional climate finance available, from what point, and from what sources? If he answers that none will be provided, perhaps he can tell us what he feels the prospects are for the climate negotiations in Cancun later this year, in the absence, as yet, of post-2013 commitments from the Government.

I would also appreciate it if the Minister could explain in more detail than we heard from the Secretary of State what is meant by the Government's proposals for a military-led "stabilisation and reconstruction force". We took a pragmatic but appropriate approach to stabilisation in government, recognising the complementary but distinct roles that development, diplomacy and defence should play in places such as Afghanistan. In one of the bloodiest weeks of the conflict, our thoughts must be with the families and loved ones of those British soldiers who have fallen in the service of their country in recent days. The sacrifice of our troops in Afghanistan demands that those charged with the heavy responsibility of overseeing the mission should bring strategic clarity to that onerous and important task.

The Prime Minister confirmed to the House in recent days his commitment to the counter-insurgency campaign in which NATO is engaged. That of course requires military force, but in the words of the US army's counter-insurgency field manual, authored by the new commander, General David Petraeus, action is also required to

"uphold the rule of law, and provide a basic level of essential services and security for the populace."

My personal conversations with General Petraeus confirmed to me the depths of his personal commitment to a comprehensive approach that requires more than just military pressure, yet since coming into government, the Secretary of State's colleague the Defence Secretary has declared:

"We are not in Afghanistan for the sake of education policy in a broken 13th century country".

Such ignorance of the key tenets of strategic doctrine, even from a new Defence Secretary, is as surprising as it is worrying.

For progress to be achieved through a comprehensive approach to counter-insurgency—and so that the war be ended—what is required is both strengthening of the state and its legitimacy, and striving for a political settlement, as surely as also weakening the Taliban militarily. Under such an approach, diplomatic, development and defence efforts will all play a crucial part in bringing about the conditions under which our brave forces can return home. Will the Secretary of State or the Minister explain to us in more detail how the proposed force will be funded, managed and directed?

As I have intervened to suggest, the Secretary of State has also been at pains in recent days to stress the importance of

"redesigning our aid programmes so that they build in rigorous evaluation processes from day one."

Perhaps the Minister of State will take the opportunity—avoided by the Secretary of State—to explain the outputs of the £200 million that has been announced by the Prime Minister, most recently on his welcome trip to Afghanistan.

Let me turn to the crucial issue of basic services such as health, education and clean water. I am concerned by what I know to be the ideological approach taken by many on the Government Benches about the role of the private sector in the provision of basic services. Instead of seeing steps forward such as those that were recently taken in Sierra Leone, where health care was made free for pregnant women and babies, I fear that we could see ill-advised and ideological voucher schemes, or other forms of private subsidy that fail to catalyse wider change and are more likely to exclude the marginalised and the poorest. Does the Minister of State intend to continue promoting the removal of user fees, including through the establishment of a centre for progressive health financing? Can he also assure the House that he will make efforts, as we pledged to do, to raise the crucial issue of water and sanitation further up the international agenda?

Related to that, there is the question of our effort and engagement on those vital issues. As we have already revealed in these exchanges, when it comes to international negotiations and diplomacy, it requires real and sustained effort and personal engagement at the highest levels to make the sort of difference that is demanded by the scale of the challenges that we face. So it was, again, sad but revealing that, when questioned in the House last week, the Prime Minister could not confirm whether he had even spoken to President Zuma, other African leaders or even other donors before the crucial summit on education in South Africa in a few weeks' time. Perhaps the Minister of State could tell us what efforts the DFID ministerial team has been making to ensure that the summit is a success.

The Secretary of State has launched a review of multilateral and bilateral funding from DFID. I do not disagree with that approach—indeed, we regularly undertook similar reviews—but he needs to be clear about whether this is a serious review or whether he is merely creating straw men before destroying them. At the announcement of the bilateral programme review, he simply got it wrong by talking about Russia, when DFID has not had a bilateral programme in Russia since 2007. Clearly he is now belatedly catching up with the facts on China, too, since as recently as 28 May he wrote to *The Daily Telegraph* acknowledging that

"the China aid programme will end next year."

He also knows full well since coming into office, thanks to the reviews that I and other Ministers regularly undertook, that it was already the case that 90% of our bilateral aid was focused on just 23 countries, and the vast majority of that on the poorest people.

The Secretary of State has spoken of taking the Prime Minister's idea about the big society to the global level, saying that his

"approach will move from doing development to people to doing development with people—and to people doing development for themselves."

Frankly, the idea that DFID or many of Britain's leading charities, to which the Secretary of State has paid generous tribute today, "do" development to poor people bears little relationship to reality and how much has, thankfully, changed in the development community over past years. Country-led development was a principle that a Labour Government established when DFID was created, not to mention ending the Tory policy of tying our aid.

[Mr Douglas Alexander]

The Secretary of State talked a lot today about change, but I believe that the new Government have found that much of what they see in DFID shows that it is working effectively. Indeed, as he was forced to concede in one of his first speeches:

> "I have been struck by how much DFID contributes to Britain's global reputation. How it has broken new ground in international development and often succeeded where others have failed."

We are told that the Minister of State, who is sitting next to him, has also been focused on change in the Department. However, according to the newspapers, that appears to have been more about ministerial accommodation. Out went the pictures of Africa and those whom we were helping and partnering; in came a flagpole, a velvet curtain and a framed photo of the hon. Gentleman beaming his inimitable smile with the former Prime Minister, Baroness Thatcher. That is hardly inspirational to the staff of a Department that, under her Government, watched the percentage of gross national income halve after 18 years in which aid had been trebled. In all seriousness, however, what concerns me is not what is on the Government's walls, but what is not in the statements that they have made so far.

What concerns me most about this Government's approach to global poverty, even in these earliest weeks, are the limitations of the vision, and, indeed, of ambition, that have so far been revealed. With the greatest of respect to the right hon. Gentleman, I was deeply disappointed by his speech to the Carnegie Foundation in Washington last week, despite the fact that it dealt with vital topics such as gender and development. There was nothing particularly wrong with many of the assertions it contained, but it was a series of assertions in search of an argument. Indeed, I cannot recollect someone travelling so far to say so little.

I therefore ask the Secretary of State: what is the clear forward agenda, beyond the re-packaging of existing policies? With just weeks to go, where are the Government's clear and concrete proposals and red lines for the UN millennium development goals summit in September? Where is the detailed vision about how we tackle climate change and promote development, and how those can be effectively aligned? Indeed, where are the serious commitments on issues such as climate finance?

The Secretary of State rightly talked about the importance of measures "beyond aid", but where is the crucial strategy on issues such as taxation and development, highlighted, even in recent weeks, by the excellent work of charities such as Christian Aid and ActionAid? For example, how can we take forward steps on multilateral and automatic exchange of tax information or measures on country-by-country reporting?

Leadership in international development involves more than having a bonfire of straw men. It involves serious ideas and serious action. Benedict Brogan, writing in *The Daily Telegraph* last week, revealed:

> "The other department that has got the mandarins talking is DfID, where there is a lot of disobliging muttering about Andrew Mitchell, the new broom. His view of what aid policy should be and how it works is going down badly and officials are muttering about abilities"—

so much so, apparently, that he is now being

> "monitored closely by No 10."

Surely the true lesson of leadership in international development can be drawn from the experience of Gleneagles five years ago. At that time, there was a dynamic, independent and vibrant global civil society campaign—connected with politics and politicians who instinctively shared the same values and ambitions—that had the ability, the tenacity and the willingness to work for that shared vision so that great things could be achieved. Sadly, at the moment, we see little sign of those dynamics at work in the most recent summit.

For the sake of those with whom we share a common bond of humanity, of those who today continue to be afflicted by needless and avoidable poverty, and of those with whom we share a common interest in a safer, more sustainable and more equal world, we on this side of this House will continue to scrutinise and challenge this Government where required, and, yes, support them, where deserved. The seriousness of the issues we debate today demands nothing less of us.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. A number of colleagues have asked to speak in this popular and important debate. We also have a few maiden speeches to be delivered. We will not get everyone in if Members speak at inordinate length. We have three and a half hours: I will be in the Chair and I intend to start the winding-up speeches at 5.30 pm, so that we have a decent time for the debate to be answered. Will Members please show some restraint? If they go wildly over 10 minutes, the Chair will have to look again at whether to impose any time limits.

1.53 pm

Malcolm Bruce (Gordon) (LD): It is a pleasure to speak under your chairmanship, Mr Deputy Speaker, given your role on the International Development Committee in the last Parliament. Indeed, having both Mr Speaker and a Deputy Speaker as ex-members of that Committee, I feel that international development will have the kind eye of the Chair during this Parliament.

I very much welcome my right hon. Friend the Secretary of State to his position. I believe that the speech he made—whatever the debating points arising out of it—showed that he is someone with a deep commitment to, and passion for, international development, who has a real desire to make an impact and make a difference.

Although Labour Members are entitled to challenge and criticise, I was a little disappointed with the tone of the speech by the right hon. Member for Paisley and Renfrewshire South (Mr Alexander)—not least because I wanted to open my remarks by paying a genuine and warm tribute to the Labour Government and the Labour party. I believe that the establishment of the Department for International Development and the International Development Act 2002 set the basis for reforming the mistakes made in the past. I think we should recognise that they are now a long way in the past, and all parties now acknowledge that that older style of overseas development has gone for ever. In DFID, as the right hon. Gentleman said, we created a Department that has provided world leadership in development, and it has made a huge impact. I give credit to Clare Short, the first Secretary of State of the Department, and to

the right hon. Members for Leeds Central (Hilary Benn) and for Paisley and Renfrewshire South, who have all made a contribution to that development.

It seems to me that we are trying to accept that we have perhaps the best Development Ministry in the world, but that it has to move forward and that there is scope for change, innovation and development. The new coalition Government will inevitably want to bring its own ideas to bear. It is certainly my hope that we will build on that, develop it and take it forward. I am the Chairman of this cross-party Select Committee, and we will of course monitor progress, ask questions and make periodic reports to the House.

On the exchanges we had about the 0.7% commitment, we should all be grateful that there is complete consensus in the House over the commitment to deliver that by 2013. In an informal conversation I had with the Secretary of State—I hope he will not mind my saying this—we realised that it is not this House that lacks commitment; the problem is the engagement with the wider public, which requires the House to maintain its united commitment and to engage the public to ensure that support remains for achieving this goal.

In that context, the Secretary of State clearly read out—as, indeed, did the shadow Secretary of State—what it says in the coalition agreement about enshrining the 0.7% commitment in law. I do not want to labour the point. I just want to say that the Select Committee took evidence on the draft legislation that came before us under the previous Government—I have to say it came very late in their programme, and the previous Government should acknowledge that—and it raised a number of questions. No one denied the value of having this legislation. If the present Government have the same commitment, I look forward to taking it forward, but some refinement will need to be made, in the light of the evidence our Committee took, if the legislation is to be fit for purpose. I hope that in due course the Secretary of State will give us an indication of how and when that legislation will be brought into law.

As a final point on this issue, the commitment does not require legislation—and neither does the lack of legislation in any way bring the commitment into question. What it does is set and reinforce the example, demonstrating to the public that Parliament is united over this achievement.

The Secretary of State set out a number of priorities that he wants to bring to bear on development in the future. Of course, there are some questions in the development community, and rightly so. He said that his primary aim is for aid to be transparent and accountable and that he wants to set up a new mechanism for achieving that. In due course, further details will no doubt be brought to the House. I appreciate that the Select Committee will have an important role to play in the process.

I agree with the Secretary of State that the more we can demonstrate the outcomes from our investment and aid, the more we can convince people that the programme is effective, that it works and that it does deliver. I add the cautionary note that not every aspect of aid can be so easily measured or monitored, and certainly not in the same time scale. I support the objective, but it is important to recognise that not every aspect of the budget can be subjected to the same objective criteria; we need some other ways to evaluate it. The principle, however, seems to me to be fundamentally sound and right.

There is perhaps also some concern about the definition of official development assistance, how it is applied and how it will be controlled across Departments. The vast majority of overseas development assistance currently goes through DFID, and I hope that that will continue to be the case; but the House needs to be sure that ODA which does not go through DFID meets the same objective criteria.

Mr Thomas: Does the right hon. Gentleman accept that transparency of development assistance is not something dramatically new? Does he recall, as Opposition Members do, that when the Conservatives were in opposition they used independent evaluations of DFID programmes to ask perfectly reasonable questions on the Floor of the House? Further measures may be welcome, but the right hon. Gentleman should bear in mind the fact that the last Government also took a series of measures to increase transparency.

Malcolm Bruce: I certainly accept that there was not only a lively debate but activity in the Department and the evaluation unit. The Committee visited the unit and met its representatives.

I do not suggest that there was a monopoly on one side of the House in this regard, but a permanent problem with aid and development is establishing what works, how the extent to which it works can be measured, and how people can be reassured that it works. We have all observed it in journalists' correspondence, and in what is said by people we meet around the place. The bottom line is that people think that billions of pounds of British taxpayers' money is being put into Swiss bank accounts on behalf of corrupt politicians. We all know that that is not what happens to the vast majority of UK aid—indeed, we hope, to any of it—but we must constantly improve presentation so that we can reassure taxpayers that that is demonstrably not the case, and that the aid really is making a difference. If it is possible to improve the existing mechanism, there is no reason why we should not try to do so.

The summit on the millennium development goals will take place later this year. The current Parliament is due to end in 2015, the year in which the MDGs are set to be delivered. We know that they will not be, but during this Parliament we must determine exactly how much we can prioritise them, and what we must do about those in regard to which we fall farthest behind.

Let me say something about MDGs 4 and 5. The Select Committee paid particular attention to maternal health in the last Parliament, and I was horrified by what we learned during that inquiry about the appalling and needless suffering of so many women in so many parts of the world. As has been said by the hon. Member for Glasgow North (Ann McKechin), whom I welcome back to the Committee, the problem is often the treatment and status of women rather than our inability to deliver services that could meet the needs of women in poor countries. Certain societies do not recognise the importance or necessity of such services.

I was particularly shocked, when the Committee visited northern Nigeria, to be told that the education of girls involved learning the Koran by rote, on the grounds that that was all that they needed to know because they would be married by the time they were 12 and pregnant by the time they were 13—and, in many instances, dead before they were 14.

[Malcolm Bruce]

We should not even think of girls in societies of that kind in the context of girls in our own society, who, at 12 or 13, might be regarded as far too young to give birth, but who might none the less be quite well developed. In countries where nutrition is poor, many girls aged 12 or 13 are not fit to give birth to children, which is why they die. Worse, those who do give birth are expected to deliver their children alone, without any form of attendance or support. I consider that appalling. I welcome the commitment to treating it as a priority, but I think it reasonable to suggest that the health of children up to the age of five should be linked to it. While the welfare of women has a very big impact on children, an awful lot of children die at the age of three, four or five. Unless we consider the two issues together, we may not be able to achieve the results for which we hope.

I was slightly surprised that the Secretary of State did not say more about the role of economic development and the role of the partnership between the public and private sectors, although there was a passage in his speech about it. Unlike the former Secretary of State, the right hon. Member for Paisley and Renfrewshire South, I am not talking about the role of the private sector in delivering social programmes and the like. I am talking about how we can deliver economic development better in partnership: how DFID's engagement can create a climate in which businesses, whether indigenous or external, will invest and commit themselves to developing countries, so that those countries can grow their economies and revenue bases and reduce their dependence on aid.

The Secretary of State mentioned CDC in passing. The way in which CDC operates—as a kind of arm's length "fund of funds"—is very easy to criticise, and *Private Eye* has had a field day doing so. However, CDC has clearly delivered a substantial amount of investment at no cost to the taxpayer, and has increased our development capacity because of the profitability of the fund. There are question marks over the use of tax havens, although I see the logic of the argument that that releases even more money for investment. I do not particularly want to develop that argument, but I have felt for some time that there is a gap between DFID's development activity and CDC and the business sector that could be addressed constructively.

Mr Andrew Mitchell: The Chairman of the Select Committee has made an extremely good point, but if he reads the report of what I said today, he will see that we are very much on the case. We are restructuring the way the Department handles the issues to which he has referred, and we are looking specifically at CDC to ensure that we secure as much development gain and value from its work as we possibly can. We aim to do more rather than less.

Malcolm Bruce: I shall be interested to see how that develops.

I entirely accept that investing in health, education and infrastructure helps to create a climate in any given country that will make the business community better able to thrive and survive, but there are times when a partnership with business is needed to establish what aspects of health, education and infrastructure will best deliver investment. If we could do that more effectively, we might speed up the process of economic development rather than just aid support, with the help of better trading relations, a World Trade Organisation deal giving people real access to markets, and the elimination of internal obstacles to trade, both within countries and between neighbouring countries.

The hon. Member for Brent North (Barry Gardiner) has left the Chamber, but I want to say something about climate change. There is concern in the developing countries that all the commitment to poverty reduction could be easily subsumed into climate change measures. The 10% ruling was arbitrary, but I consider it important for the Government to focus primarily on poverty reduction, and not to allow climate change to divert funds that could be used for that purpose. We need a safeguard to ensure that that does not happen.

I am conscious of your constraint, Mr. Deputy Speaker, and I shall not say too much more, but I want to make two or three comments about the country programmes. The Secretary of State said that there would be a review of those programmes. We need a fairly early indication of how that will take place, so that people are not faced with too long a period of uncertainty about where it is heading. Other countries, notably and recently Sweden, have conducted such reviews. It might be best if our review focused on a smaller number of countries in which our assistance could be even more effective.

The Secretary of State will not be surprised to learn that I have a view on the debate about China. The hon. Member for York Central (Hugh Bayley), who is present, does not agree with the rest of the Committee on the subject. I entirely accept that the development relationship with China should come to an end—that is not a point of concern to me—but the general relationship with the country seems to me to have continuing value, and it will require some budget if it is to continue. The Committee heard effective evidence of how well that can be done, and what a contribution it makes to reducing the MDGs, given the size and scale of China. I urge the Secretary of State to look at our report again. It does not really disagree with his conclusions or those of his predecessor, but it does suggest that there should be a little more space in the continuing relationship with China. That would be very beneficial to UK-China relations and to poverty reduction in China, not because the Chinese want our money but because we would be able to work with them to deliver better ways of achieving poverty reduction. Such an approach might even lead to partnerships in third countries between Britain and China, which would be a remarkably interesting and worthwhile development. That is all I would ask that he take on board.

Mr Mitchell: The Chair of the Select Committee is on to a very good point, because the Conservatives have for years said that it was wrong to spend taxpayers' money in China. That country has just spent £20 billion on the Olympics, it has a space programme and it is a nuclear power. Since we made that plea on behalf of the British taxpayer, the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) has spent tens of millions of pounds on British aid in China. The Chair of the Select Committee rightly says that we need a partnership, an elevated relationship whereby we work together on common objectives and have a high-level dialogue on partnering on aid and development. We are in the process of working out precisely how to do that.

Malcolm Bruce: I am grateful for that intervention. The only practical point I make is that it requires a bit of funding to do demonstration projects.

Interestingly, the same arguments will start to apply to India, and I suspect that we are unlikely to come to the same conclusion on India. I found it interesting that the arguments used by the previous Government to justify the closure of the programme in China were used in reverse to defend the programme in India.

Mr Mitchell: China and India are fundamentally different, because India has more poor people within its boundaries than the whole of sub-Saharan Africa and the average income of an Indian is a third that of a Chinese. Of course we also have deep historical links with India through the Commonwealth and many other mechanisms, so I do not think that there is a direct analogy between the two countries.

Malcolm Bruce: I think that intervention proves my point. The Select Committee may well wish to examine the issue of India again, but we have not yet been formulated and we have made no such decisions.

Finally, it is impossible to have a discussion on global poverty without examining this country's engagement in Afghanistan. I am concerned about the debate about Afghanistan, because the situation is complicated. Inevitably, the focus is on the military engagement and the casualty rate, and rightly so. We have to show, and we do show, enormous appreciation of the bravery of our forces and the sacrifices that they are making in order to contain an insurgency and create the space for a successful Afghanistan that can manage its own affairs—we hope that that is what will happen. It worries me that people do not appreciate what is happening in Afghanistan. They do not appreciate that we are operating across the whole country, that we are having real success in large parts of it and that the military operation in the south is not the whole expression of what is happening. So it is important that the Department for International Development's engagement in Afghanistan continues in a way that demonstrates that what we are trying to do is build a state that can not only run its own affairs and enable us to remove our military support, but deliver to its people a development programme that will take them out of poverty. That will be the best and strongest basis for a secure future for Afghanistan and it is the right and proper, legitimate aspiration of the people of Afghanistan. Our UK aid programme must be focused on that more than anything else. People are looking for a clear separation between aid and development, and military support and containment; they are not looking for confusion between the two. I hope that, provided we can keep that right, we will be able to maintain a programme in Afghanistan that will continue to command popular support, because it is a poor country that we should and would be engaged in even if it was not in a conflict situation.

This is an important debate. The change in Government clearly will result in questions from all parts of the House about the future of our overseas development assistance, but what is clear to me is that we have a coalition Government who are determined to deliver our United Nations obligations and to apply principles to development that will continue to mean that Britain is a leading global player. As Chairman of the Select Committee, I look forward to its engaging with the Department in a constructive way that will help to shape that policy and influence it positively.

2.14 pm

Hugh Bayley (York Central) (Lab): It is almost five years to the day since the Gleneagles summit, which was a high point in the UK's influence in global development policy. We led by example and we secured commitments from the other G7 members to double their aid and reach the UN's 0.7% contribution target. Allied to that, the European Union gave a parallel commitment in the same year. I therefore deeply regret that the Gleneagles commitments were dropped from this year's G7 communiqué, because that has given the impression, at least to some non-governmental organisations—the shadow Secretary of State mentioned Oxfam and Save the Children—that our country's development policy under the coalition Government has fallen at the first hurdle.

I will say that the Prime Minister is right to lay continuing emphasis on the millennium development goals, as Tony Blair and my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) did before him. However, I say to the Secretary of State that that is not an alternative to doubling aid, because the Gleneagles commitment on doubling aid was a means to an end; it was designed to get the world's major donors to provide the resources to make meeting the MDGs possible. We simply will not get all children in least developed countries into primary schools if that doubling of aid commitment is not met; nor will we be able to reduce by three quarters the ratio of mothers dying in childbirth—that MDG is the most off track.

I therefore wish to focus on what I believe the Government should do to re-engage other G7 and European Union countries in order to get them to honour their commitments, and to build a continuing profile for our country as a development leader. There are two opportunities to do that over the next six months. The first is to use the negotiations within the World Bank on the 16th round of the replenishment of International Development Association funding—IDA16—to persuade donor countries to increase their financial commitments to the World Bank's next three-year IDA period. IDA is the World Bank's window for lending to least developed countries. This matter is important because the World Bank is the world's biggest multilateral development agency and, for all its faults, we will not achieve the MDGs unless IDA has increased resources to do the work it does. The United Kingdom is in a particularly strong position to influence others on commitments to IDA, because in the current IDA round—IDA15—we were the world's largest donor.

IDA16 will doubtless be discussed at the annual meeting of the World Bank in October and will probably be finalised at the spring meeting next year. IDA16 is particularly important in relation to the MDGs, because it will cover the last three-year period leading up to 2015, which is the target date for implementing the MDGs. Ending up with an IDA16 with less money pledged than in the current IDA round would limit the opportunity of donors to ensure that the MDGs are met. So I hope that the Minister of State's response will set out the Government's plans to talk to their opposite numbers in other G7 and EU countries and to seek from them the assurance that they will make commitments to IDA.

[Hugh Bayley]

I chair an international parliamentary body called the Parliamentary Network on the World Bank, which is a network of some 1,200 parliamentarians, roughly half from developing countries and half from developed countries. We seek to hold the World Bank and the International Monetary Fund to account, especially to parliamentarians.

Mr Andrew Mitchell: May I ask the hon. Gentleman a serious question on this point? On what basis does he believe the Government should decide on the amount of funding for the IDA replenishment? What is his view on the mechanisms by which we should reach that conclusion?

Hugh Bayley: I would like our Government to contribute to IDA16 at least the same proportion of their development finance during the three-year period in question as the UK contributed to IDA15. In other words, it would be more money in real terms but the same proportion of UK aid overall. That would be a good starting point. If the UK were to make such a commitment, implying an increase in our contribution to IDA for the crucial three-year period leading up to 2015, we would be in a strong position to seek commitments from other development partners. I know that, in reality, some G7 countries—Italy, for instance—have made very negative decisions on development spending. There are others, however—including France, which was broadly on track, although it might have slipped back a bit now—that we ought to be able to persuade to make a firm commitment in relation to IDA.

I can make an offer to the Secretary of State. Through the Parliamentary Network on the World Bank, I have been one of the architects of a campaign among parliamentarians in countries north and south to raise the question of the IDA16 replenishment in their Parliaments, and to seek commitments from donor country Governments to debate the financial commitment they will make to IDA16. We are also seeking a serious debate in the Parliaments of developing and developed countries on what can be done to improve the aid effectiveness of the World Bank's IDA programmes, building on the Paris declaration, the Accra programme of action and the findings of the World Bank's own mid-term review of IDA15. That review contained some good proposals about how the World Bank could achieve more with the money that it already has.

I would also like to see the introduction of a peer review mechanism, so that one World Bank office can review the performance of another, in order to drive up aid effectiveness. I would like parliamentarians in each country to have a role in these processes. In Ghana, for example, one would expect the country office of the World Bank to report to parliamentarians in Ghana. That is not to say that the constitutional relationship should change. The World Bank is owned by its shareholders, and they are Governments. In relation to achieving greater aid effectiveness, however, we want to see more openness and transparency.

We are going to run the campaign as well as we can and in as many Parliaments as possible, in the north and the south, during the period of discussion on the IDA replenishment. I hope that the UK Government will support us. I have already written to the Secretary of State to ask him to come to the Parliamentary Network on the World Bank's annual conference in December as a keynote speaker. We are also about to launch a call to action to publicise what we are doing. If he were able to provide some sponsorship and support for that in July, or some time soon, we would welcome that.

Malcolm Bruce: The hon. Gentleman is a valued member of the Committee, and his work with the Parliamentary Network on the World Bank is also valuable. Does he agree that the effectiveness of such a campaign will be dependent on the amount of information that is published and made available to Members of Parliament, especially in the developing countries? Does he welcome in principle the Secretary of State's commitment to publishing the detail of the funding on the website? Will he reinforce my request to the Secretary of State for as much detail as possible, in order to illuminate what is going on and enable parliamentarians to be more effective?

Hugh Bayley: Yes, I do welcome that commitment, and I very much endorse what the Chairman of the Select Committee says. I should perhaps acknowledge that one of the reasons that the Parliamentary Network on the World Bank is able to launch its campaign is that the Department for International Development has supported the core cost of running our Paris-based secretariat, which is developing the campaign.

A second opportunity for the UK to re-engage with our G7 and EU partners and win commitments from them in the next few months will be in the work leading up to the September UN summit on achieving the millennium development goals. Again, it would be helpful if the UK Government were to set out their plans for any bilateral conversations with other EU and G7 Heads of Government and to seek to influence the statements those Governments will make at the UN summit on the level of their aid funding. There will certainly be an anticipation in the developing world that donors will come up with the resources to back up the conclusions of the summit on achieving the millennium development goals.

The Secretary of State said that the Government intended to legislate to commit the United Kingdom to providing 0.7 % of its gross national income for development aid. The Chairman of the Select Committee reminded the House that the Committee had examined the draft Bill and made a number of recommendations. The first of those was that the millennium development goals summit is an important opportunity to renew commitments to aid allocations. The Committee's report also identified the real danger that, as aid levels increase to meet the 0.7 % target already agreed, more official development assistance will be spent through other Government Departments that are not subject to the UK's International Development Act 2002. I agree with the Chairman of the Select Committee that we need greater clarity from our Government if a proportion of the increased aid to which they are committed is going to be spent by Departments other than DFID. We need reassurance that the goals of that spending will remain similar to those of DFID, and that poverty alleviation remains the key goal, whether the money is spent in DFID or any other Department. There has been a great deal of interest in this point among the NGO community.

We live in a globalising world. I do not need to remind hon. Members how much the world economy, environmental challenges and migration bind us all together; that is well understood. The centre of gravity of global politics is moving from west to east. In that context, "east" does not just mean Japan, China, Korea and India; it also means the Pacific basin as a whole, including California and British Columbia. Were there more time, I could say a lot about the UK and Europe's need to recast their foreign and defence policy—to some extent, the UK Government will be doing that in their strategic defence review—but I shall just say a few words before I sit down about EU policy.

The European Union as a whole still has the world's largest GDP—some $16.5 trillion a year, compared with $15 trillion for the United States, $5.5 trillion for China and $5 trillion for Japan. The UK's share of that is some $2.5 trillion. The EU remains economically a big player on the world stage, but the UK on its own is rather less so. I believe that the EU punches below its weight. I am not in any sense a federalist, but I want the new European External Action Service, under Baroness Ashton, to deliver a great deal more for people living in Europe than the old directorate-general for external relations. I want to see a comprehensive approach whereby the European Union's common foreign and security policy and common security and defence policy, as well as its development policy, EU aid policy and trade policy, all pull in the same direction to ensure that long-term development, state building, peace building, trade, foreign relations and reform of international institutions such as the UN also all pull in the same direction better to co-ordinate the development policies of the European Union and member states and to strengthen the poverty focus.

We have a strong poverty focus in this country, whereas the EU has a much less stronger one. Only half of EU aid goes to the least developed countries compared with about two thirds among donors as a whole. We need to minimise duplication and wasteful competition between individual bilateral donors, reduce red tape and increase the effectiveness and cost-effectiveness of our aid. Now, 60% of all the world's aid—some €50 billion out of a total €80 billion—comes from Europe, both from EU member states bilaterally and from the EU acting on behalf of the Union as a whole. If the world is to succeed in achieving the millennium development goals by 2015, the EU and its member states must deliver more with the resources that are already committed to development as well as increase their spending to meet the commitments given at Gleneagles.

The Government are in a position to use the EU to multiply the value and effectiveness of aid from member states. It would be wrong, in my view, to back away from the EU or to reduce the UK's contribution to EU development programmes. Our aid alone, however well spent, will not be enough to ensure that the least developed countries achieve the millennium development goals. Glorious isolation would make us less influential and less effective than concerted action to get the new European External Action Service to improve the EU's performance.

2.32 pm

Esther McVey (Wirral West) (Con): Thank you, Mr Deputy Speaker, for giving me the opportunity to make my maiden speech during the debate on global poverty—a debate in which I was inspired to speak after meeting class P of Hayfield primary school in Upton. If I had not spoken today, I am convinced that they would never have forgiven me—so more of class P later.

First, may I say that it is a great honour to be here to represent the people of Wirral West? For those who do not know Wirral West, it is placed on the north-west tip of the Wirral peninsula between the River Mersey and the River Dee, with wonderful views of the Welsh hills and the Liverpool waterfront. It is described as a hidden treasure, made up of a beautiful collection of towns and villages—West Kirby, Hoylake, Greasby, Frankby, Irby, Pensby, Barnston, Thingwall, Upton and Caldy—like a string of pearls, each one a jewel, sitting next to one another. However, let us not get carried away. Beyond the natural beauty, we have struggles and concerns: the small village shops, fighting for survival against the giant supermarket chains; youth unfulfilled and unemployed; debt; and financial hardship. To that end and for those reasons, I shall be supporting my constituents. They had the faith to vote for me, and I have the strength to support them.

Some distinguished MPs have done so before, for I follow in the footsteps of some notable predecessors, distinguished by their considerable ability and dedication of service: Lord Selwyn-Lloyd, who served as Foreign Secretary, Chancellor of the Exchequer and Speaker of the House; David Hunt, now Lord Hunt of Wirral, who became Secretary of State for Wales and Secretary of State for Employment; and, more recently, Stephen Hesford. They all served their constituents tirelessly, and I hope that I will follow that tradition.

On a personal note, I want to thank David Hunt and his wife Paddy. They both still play a significant role in the community and, in particular, with Hoylake cottage hospital, Wirral marine disabled association and the Wirral sick children's fund. They have been a source of tremendous support to me, helping me throughout the 10 years for which I have tried to win this seat. It has been a long journey. To anyone who says that it is a fast way into politics, I say that it is not. But it was a journey worth taking, and those 10 years have made it all the more pleasurable to be here.

Wirral West is an enchanting and enriching place that is full of history, legend and the spirit of Vikings. I shall explain some of that today, but hon. Members will have to discover the rest when they come to visit, which there will be plenty of opportunity to do. Golfers are likely to want to visit the Royal Liverpool golf club at Hoylake, which will host the Open again in 2014 and the women's British open for the first time in 2012. There is also sailing, particularly the annual Wilson trophy championship, in which 200 Olympic-class sailors compete. It is frantic and frenetic as they spin across the water touching grand prix speeds. Our home team, the West Kirby Hawks, is one of the best around and won last year.

Wirral West has been shaped by its geography, the prevailing winds and the high seas. Back in AD 900, they brought the invading Vikings who settled there and made their parliament at the hamlet of Thingwall. On Thurstaston hill, the highest point of the Wirral, is Thor's stone. Legend has it that when Thor, the great Viking god of thunder, fertility and the law, rode across the heavens on his chariot, the noise would be the rumble of thunder, and when he threw his hammer there would be a flash of lightning across the skies. His hammer is meant to be buried under the stone. It is said

[Esther McVey]

that Thor had a simple way of making laws and righting wrongs: killing those who stood in his way. Being mere mortals, and not gods, we have produced a moderate way of performing those duties which begins here in the House.

King Canute is said to have stood at the sea port in Meols attempting to turn back the tide from flooding the north shores of Wirral. Whether that is fact or fable, it is a lesson that neither man nor king can turn back the tide. But, when given the right to govern and to work in consensus, as this historic coalition has been, we can look forward to creating and altering our future. The people of Wirral know all about that, for they have strength of character, warmth of heart and a sense of humour; perhaps there is a bit of Viking left in them. They know what is good for their area and they will fight hard for what they believe.

To those who say that democracy does not work or that a person or community cannot change things, I say, "Take heart from the people of Wirral." They were threatened with the closure of their libraries and leisure centres, and it was viewed as a fait accompli, but it was not. Some 60,000 people took to the streets in Wirral, demonstrated, lobbied and held public meetings, and the decision was overturned. People can make a difference and the people of Wirral have done so.

I did not know which debate I was going to make my maiden speech in, because they were all relevant to the people of Wirral West and to their aims and ideas. A health debate would have been relevant, because we are home to Arrowe Park hospital, which employs 6,000 people and serves 400,000 people across Wirral. The acute trust is the biggest and busiest in the north-west. Education is also important; Wirral West has some of the best and progressive schools, including Calday, West Kirby grammar, Hilbre, Pensby and Woodchurch high school. Work and pensions issues are also important to us, as the young search for employment and the old search for support. However, when I received 20 letters from class P at Hayfield primary school, and another letter from the sixth-form girls at Upton convent, I knew that I had to make my maiden speech in this debate.

Class P has signed up to the 1GOAL campaign to help global poverty through education. The campaign is trying to use the profile of the 2010 World cup in South Africa, bringing together footballers and fans of all ages with charities and local and world leaders, to make education a reality for 72 million primary school children worldwide by 2015. I asked class P to explain what poverty meant to them. They said it was about not being able to go to school to learn and make friends, about being sick but not having a doctor and about living in fear. Most of all, poverty is about living with no hope and dying with no one caring. According to UNICEF, 24,000 children die that way each day, and 10.6 million children die before the age of five—that is the same total as all the children of France, Germany, Greece and Italy added together. So today I bring the message of the next generation to the attention of the current generation—beat poverty through education.

Yes, and I believe in the goodness of human beings and the thread of humanity that touches the core of every one of us. It is here in this Chamber, on all sides of the House, and it is in class P at Hayfield school.

All of us come here with the desire to help others and, ultimately, to enable them to help themselves, but different times—and we are living in different times—require different solutions. We are living in a financial downturn and at a time of financial restraint. We have inherited a record deficit, so we have to do things differently. We have to have a different strategy but, that said, we must work together and use and acknowledge the successes of past Parliaments.

So I welcome the new coalition Government's commitment to spending 0.7% of gross national income as aid by 2013, helping the poorest in the world. I hope that that is welcomed by all Members of the House, and I am sure that it will be—just as it will be welcomed by the children at Hayfield school.

2.41 pm

Ann McKechin (Glasgow North) (Lab): May I begin by welcoming to the House the hon. Member for Wirral West (Esther McVey)? She gave a very confident and lucid speech, and raised the very pertinent issue of how the vision of children can often inspire us to consider some of the greater global problems that we face.

As the right hon. Member for Gordon (Malcolm Bruce) correctly said earlier, the environment for a debate on development is very different from what it was five years ago, when we had the Make Poverty History protest in Edinburgh. Obviously, we are facing much greater economic pressures domestically, but the two problems are not separate. Increasingly, our future is bound to that of the developing south, in an age of growing volatility.

The millennium development goals must remain at the heart of our policy direction and development. I welcome the new Government's commitment to the MDG process and the 0.7% target, but many of us would be much more comforted if we had a more settled timetable for passing binding legislation to achieve that. In increasingly difficult times, the issue of ring-fencing will be coming under pressure, and it is important that all sides retain support.

However, I also think that this is a time to look back and reflect on how we can sustain and improve performance in respect of the MDG targets. I believe that we need to move away from a narrow focus on technical intervention and move to a focus on supporting citizens' ability to exercise their rights. Our overarching philosophy should be that poverty is not inevitable. We should not believe that aid in its current form should be a permanent fixture in world affairs; rather, we should believe that it is the means to help countries out of dependency and to empower them to tackle their national problems by their own means.

As I have argued before in this House, I believe that one area of poverty that does not receive sufficient priority is employment. Globally, more than 1 billion people are currently unemployed, under-employed or working poor. As populations in the developing world continue to escalate, global official unemployment has now reached a record high of over 185 million.

Nearly half that total are people under 24 years of age, yet younger people represent only a quarter of the working-age population. That problem may well get worse in the coming decade, when young people will make up the highest ever proportion of the world's

population. Currently, there are 1.5 billion people aged between 12 and 24, of whom 1.3 billion live in the south. It is estimated that, due to the global recession of the last few years, 64 million more people worldwide will fall into extreme poverty this year alone. If we do not wish the progress on the MDGs to recede, we need to give employment a much greater priority at every level.

Increasing urbanisation in poor nations is exacerbating the problem, as more and more people are concentrated in shanty towns, often without access to basic utilities and at increased risk of disease, abuse and marginalisation. Obviously, that can lead to increasing domestic political instability, with little enforceable domestic security. It also provides the perfect environment for human trafficking and other forms of criminal activity, such as drugs and arms trading, the consequences of which we can see in every town and city in Europe. We face not only global bank and debt crises, but a global unemployment crisis, both at home and abroad, but too often in their language and responses, our world leaders fail to place employment at the core of their priorities.

Now is exactly the right time to revive world trade talks, and I welcome the Secretary of State's comments on the Doha round. We must not bury trade talks or pander to protectionist instincts. This time, we need to ensure that the talks focus on creating jobs rather than on increasing corporate profits. The UK is one of the leading international donors, and should use its influence at both bilateral and multilateral levels to promote investment in job-rich industries and services, and to make a decent work agenda a core factor in its support for private sector development. Trade agreements must not signal a race to the bottom in terms of income, and they need to be accompanied by firmer agreement on minimum labour standards.

However, another reason why getting greater numbers into the formal economy is important is that we want to create a permanent, stable tax base, which is a key element in reducing dependency on aid. In a world that is changing rapidly—politically, economically and environmentally—we can anticipate greater periods of turbulence, higher food and energy prices, water depletion, fish depletion, and deforestation. Demand growth is accelerating, and the World Bank estimates that food production will need to increase by close to 50% between 2000 to 2030. Increasingly, a nation's resilience in the face of disruption will mark its ability to survive successfully. Those of us who live in richer nations have distinct advantages: strong states, an ability to harness sophisticated technology and highly skilled citizens. To differing degrees, developing countries lack many such advantages, and accordingly have much higher levels of vulnerability.

If the ambitions of the MDGs are to bear fruit, it is important to protect the advances that have already been made before we seek further progress on the targets. Despite the fact that we have made considerable progress since 2000, those who have been taken above absolute poverty remain very close to the threshold. They live in emerging economies, so they are subject to much more pressure and are more vulnerable, and there is a very high risk that they will go back into absolute poverty.

Increasingly, we need to consider innovative ways in which to improve resilience and sustain the improvements that have been made. Rather than focusing only on developing basic public services, we need to consider how wealth can be redistributed within societies to achieve social progress, how the voice of the poor can be properly recognised, and how democracy, and thus the accountability of Governments to their citizens, can increase. All three elements are vital to progress on the MDGs.

Christian Aid recently made two specific calls in respect of taxation to aid a fairer distribution. I hope that when he responds, the Minister can provide an assurance that the Government support multilateral, automatic exchange of tax information between tax jurisdictions, so that we can better tackle the pernicious impact of tax havens, and a new international accounting standard that requires corporations to report on profits that they have made in every country where they operate. Those two measures will not cost the UK taxpayer a penny, but they could make a real and substantial difference to millions of the world's poorest. I am sure that they would pass the Secretary of State's value-for-money test.

I should like briefly to address gender. Sadly, it is no surprise that MDG 5, on maternal mortality, is the most off track. Women account for 70% of the world's poor, and because they face systematic discrimination, their opportunities to escape poverty are correspondingly fewer. The interlinked problems of high fertility rates and maternal mortality continue to impede economic and social development. The underlying causes of high fertility, morbidity and mortality are not lack of contraception, blood loss and infection, but rather, as the right hon. Member for Gordon correctly said, apathy and a lack of respect for women and their fundamental rights. One symptom of that is that the data on women and girls are patchy. Key statistics, for example, are available only in about one quarter of developing nations. That in turn leads to women's concerns being given low political priority and to a lack of impetus to change.

I believe that the UK should continue to be at the forefront of working with others to press for voluntary family planning that is universally accessible, and I welcome the Secretary of State's comments this afternoon, but we also need to prioritise support for social and legal measures that stem the widespread practice of early marriage of young girls in many parts of the developing world. For a number of reasons, we in the west have shied away from this issue, but it is fundamental. It goes without saying that getting girls into school is important, but if we simply rely on primary education for success rather than the full range of secondary and tertiary education, we will not make much change.

Sixty per cent. of the world's out-of-school children are girls, and they are less likely to progress to secondary and tertiary education as a result. Children of mothers who can read themselves are likely to achieve significantly higher results and accordingly continue their education longer. Tackling illiteracy, particularly among girls and women needs to have priority if we are going to give women better opportunities. We also need to give greater support to initiatives to encourage girls to continue their education and address the cultural barriers to female employment. Currently, 82 million girls in developing nations who are now aged 10 to 17 will be married before their 18th birthday. Where the birth rate in countries has fallen, between 25% and 40% of economic growth is attributable to demographic changes. Tackling

[Ann McKechin]

those issues would bring fundamental and permanent improvement to the rights of women and tackle the millennium development goals on which we are most lagging behind.

What we need most in the year to follow is political will of the type that saw the birth of the MDGs and was prepared to look not just at the latest emergency but at how we want the world to be in the next 10 to 15 years. The outcome of the G20 summit last week was disappointing for development; there is no doubt about that. We need the UK Government to provide continued leadership in the tough times as well as the good. September's summit gives us an opportunity, and I hope that it will be grasped.

2.52 pm

Tony Baldry (Banbury) (Con): I think the whole House will have agreed with the comments by the hon. Member for Glasgow North (Ann McKechin) until her peroration about the UK Government not showing leadership. As I hope I will show, my right hon. Friend the Prime Minister showed considerable leadership in Canada. Until she spoiled her speech with that last bit, it was actually a very good speech. The whole House is grateful to her for the work that she does on the all-party group on trade, aid and debt.

I pay tribute to the hon. Member for Wirral West (Esther McVey) for an outstanding speech, which was fluent, articulate and very much to the point. I am sure that the House will look forward to hearing her speak in future debates on many topics that she also highlighted. It is heartening that the maiden speeches, certainly on this side of the House, have been of the highest quality that the House has heard for many a new Parliament.

I am delighted to see my right hon. Friend the Secretary of State for International Development in his place. He showed outstanding commitment as shadow Secretary of State and he has shown extreme grip by what he has done already in the Department. I know that he will do an extraordinarily good job for international development during his time as Secretary of State.

Chris Kelly: Will my hon. Friend join me in congratulating the Secretary of State on his fantastic work in Rwanda, where he has led Project Umubano for several years now? He took the then Leader of the Opposition to Rwanda and the then Secretary of State, who is going back to Rwanda this summer, as am I for the second time on this fantastic project.

Tony Baldry: I certainly join my hon. Friend in paying tribute to my right hon. Friend for what he did with the project in Rwanda. It reinforces one of the three points that I want to make.

I am conscious that others want to speak. What I would like to say in this debate can be summed up by one paragraph in the Prime Minister's statement to the House earlier this week on the G8 and G20 summits. He said:

"Even at a time when our countries face difficult budget decisions, it is important that we maintain our commitment to helping the poorest in the world. The UK is maintaining its commitment to increase spending on aid to 0.7% of gross national income. That gives us the opportunity to exercise leadership on behalf of the poorest. At the same time, in order to take the public with us, we also need to ensure that every penny will reach those who need it most. That means transparency and accountability along the lines that we are introducing. It also means that the projects we support must be deliverable, practical and measurable, addressing the causes of poverty and not just alleviating the symptoms."—[*Official Report*, 28 June 2010; Vol. 512, c. 566.]

My first point is that it is good to see so many Members in the House this afternoon for a debate on international development. We will all have to recognise, as times get difficult when the spending cuts bite, that we continually need to make the argument that spending on international development is valuable and is in our national interest—in terms of stability, security and a sense of common humanity, and, as the Prime Minister made clear yesterday during Prime Minister's questions, because it enables us to have our voice heard much more clearly in the world. We are also entitled to look for the support of the non-governmental organisations in making that argument.

Secondly, there has, quite rightly, been a lot of talk this afternoon about Britain meeting the 0.7% target by 2013. We are not far off that already. According to the Muskoka accountability report, published at the end of last week's G8 summit, the Development Assistance Committee estimates that in the 2010 calendar year the UK's official development assistance spend will be equivalent to $15.5 billion, or 0.6% of GNI. We are far and away the country that is nearest to meeting that 0.7% target. The nearest to us is France, at 0.46%.

Even with a ring-fenced commitment, my right hon. Friend the Secretary of State, skilled as he is, will not be able to extract from the Treasury during the lifetime of this Parliament any more than 0.7% of GNI for his Department's budget. That means that if various NGOs or others think that extra money should be spent on a particular policy area, they will have to demonstrate to us all which parts of existing DFID spending should be reduced. DFID is not a bottomless pit, and the situation will become very competitive. If NGOs or pressure groups argue that a particular area of spending should increase, it will be beholden on them to explain to Ministers, and the rest of us, where they think spending should be reduced.

Mr Thomas: Is the hon. Gentleman saying that he does not think any further resources should be made available for climate finance, and that if, as a result of the climate negotiations, further resources are asked of the developed world by developing countries, Britain's contribution should not go beyond the 10% that the last Government said would come from DFID, and that other cuts in other programmes in DFID should take place?

Tony Baldry: It is a bit rich for Opposition Front Benchers, who left this Government with absolutely no money at all and in a situation where this country is the most indebted in the world, to have one chorus, which is "more money". It does not lie in the hon. Gentleman's mouth to give the impression that DFID and every other Department should receive further funding from the Treasury. The reality is that most ministerial colleagues face substantial cuts in their departmental budgets and spending lines. DFID is fortunate, because its spending is protected, but it must be clear to everyone, including Opposition Front Benchers, that, if they call for extra

spending from the DFID budget in one policy area, they are beholden to explain—*[Interruption.]* I am answering the hon. Gentleman. They are beholden to explain where DFID spending will be reduced. They and some NGOs cannot just come along and suggest that somehow DFID has a blank cheque, and that, if it does not increase spending on their policy area, it is failing. That is intellectually dishonest.

Thirdly, we all agree that between now and 2015 it is important that we meet, in so far as it is humanly possible, the millennium development goals. I hope that as many Members as possible will read the accountability report that was published following the G8 summit, because NGOs such as Oxfam, which the shadow Secretary of State prayed in aid, would do well to start working out how they engage with other G8 countries to ensure that they meet the obligations that the UK has already met. Some of the amounts that are being spent are pitiful. Russia spends just 0.07% of GNI on overseas development, the United States spends 0.19% and even Japan spends only 0.18%. If the other G8 member states spent anything like as much as we in the United Kingdom spend on official development assistance, as agreed by the Development Assistance Committee, the volume of money going into international development would increase substantially.

The Prime Minister reported to the House on Monday, and I hope that the NGO community joins him in making it clear that we need not just accountability and transparency at DFID, which my right hon. Friend the Secretary of State has guaranteed, but to ensure that all G8 member states live up to the commitments that they made at Gleneagles. Otherwise, come 2015, we will all be frustrated by the lack of progress. It cannot be made by the United Kingdom on its own, and if people think that it can they will be disappointed. The United Kingdom is effectively at its 0.7% target, and there will be a finite amount of money available to DFID, however committed we all are to international development.

I hope that the NGO community, including organisations such as Bond, and all the various NGOs that subscribe to and are members of Bond, will see that there is a need for them to start focusing outwards and engaging other countries in meeting their 0.7% target. The same could apply equally to climate change. Copenhagen did not fail because of what the UK Government did or did not do; it was a disappointment largely because the international community had not engaged sufficiently with China on that country's aspirations and concerns.

If we are going to meet the millennium development goals, we will have to ensure that the other countries which promised so much at Gleneagles and have so far delivered so little live up to and deliver on their promises. In that way, I hope that by the time we get to 2015 we will see that as many of the millennium development goals as possible have been met.

3.5 pm

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I, too, welcome the Secretary of State and his team to their posts and wish them well. I am pleased to have the opportunity to contribute to this debate on an issue that, perhaps more than any other, defines how the UK is seen in the wider international community, and matters to people in constituencies across these islands.

Five years ago today, in 2005, I was in The Meadows in Edinburgh making final preparations for the Make Poverty History march and demonstration that took place ahead of the G8 summit in Gleneagles. I was privileged to play a role in organising that event and in the movement that grew up around the Make Poverty History campaign. The Gleneagles summit was very much a defining moment for the anti-poverty movement, not only because of the international commitments that were made there but because civil society made itself heard on that occasion. Some 250,000 people marched through Edinburgh that day. For a city of half a million people, that was a phenomenal outpouring of civic statement about what was really important to those people, and indeed to those from all over the UK and further afield who joined the demonstration.

Citizens demanded that the G8—the richest countries of the world—take action. As the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) said, the £50 billion in commitments that was made at Gleneagles is currently about £20 billion behind. For example, in real terms, the £25 billion pledged for Africa has translated into only £11 billion. That is a shameful shortfall. Frankly, last week's manipulation of the statistics that came out of Gleneagles, whereby people used the fluctuation in the value of the dollar to make it look as though they were giving a lot more than they are, was a real disgrace. In that context, I welcome the commitment by the new Government that they will honour the 0.7% aid target and focus efforts on achieving the millennium development goals. I am very pleased that DFID's budget is being protected in the current spending round. I am also glad about the non-partisan approach that the new Government are taking, which is a reassurance to Members across the House.

I welcome the emphasis that is being placed on transparency in how aid money is going to be spent. Much has already been said about transparency and accountability. Increasing transparency has obvious potential to improve accountability in aid delivery. It is important to say, however, that a great deal of work is already going on to make aid spending accountable and transparent. Many NGOs are already highly innovative in how they monitor the effectiveness of aid. At an international level, organisations such as CIVICUS are improving the practice of aid delivery and ensuring that there is a highly regulated and well-monitored and evaluated sector. I urge the Government not to reinvent the wheel when they consider their own moves forward.

It is also important to recognise the potential of increased transparency in raising public awareness of the fantastic work that is being done by DFID and the organisations that it funds, and in making visible the positive impact of development aid. We always hear about the downsides of aid—the mistakes, the failures, the things that go wrong—but we do not hear nearly enough about the success stories. It would, however, be unfortunate if increased transparency were to result in a proliferation of more abstract data and increased monitoring and evaluation at the expense of an enhanced profile for the life-changing impacts of aid. In that respect, I am concerned that the new independent quango charged with impact assessment that the Government are proposing will add little to the existing accountability mechanisms. It is somewhat ironic that they are keen to encourage civil society in developing countries as a

[Dr Eilidh Whiteford]

means of holding their Governments to account, while they are slashing funding to the excellent civil society and educational organisations here in the UK that are equipping our own young citizens to hold the Government to account. That is deeply regrettable.

It is important to emphasise that aid really does work. Since 2005 and the Gleneagles summit, 4 million extra people have received life-saving antiretroviral HIV and AIDS treatment, 4 million more children have survived beyond the age of five and 33 million children are in school who would not otherwise have been. However, let us acknowledge both the scale of the problems and the impact of the shortfall in the aid commitments. As others have mentioned, 350,000 women are still dying in pregnancy and childbirth every year, and almost all those deaths are preventable. Some 9 million children under five are still dying every year, also almost all from preventable causes. On current projections, millennium development goal 4 on child mortality will not be met until 2045, which is an unacceptable abdication of responsibility by the international community.

I should like to outline some of the challenges in improving accountability and transparency in aid. One of the key questions that we need to ask is: transparent and accountable to whom? Clearly, citizens here and in the countries that receive aid need to be involved in the process. One of the practical challenges that we face is that developing countries receive support from a range of governmental and non-governmental sources, which all have different reporting requirements, some of which are highly bureaucratic.

Mr Andrew Mitchell: The hon. Lady, whose constituency I visited during the general election campaign, is making an excellent speech. She asks to whom the accountability should be extended, and she is absolutely right to do so. The answer is, first, to our own taxpayers, who need confidence that their hard-earned money is being spent well, but secondly to the people in poor countries whom we are trying to help and support. If we place in their hands the ability to see what is happening to the money, we help them to make their own civic leaders and politicians accountable for how it is spent.

Dr Whiteford: I agree with the right hon. Gentleman, but I reiterate that the way to do that is not to slash funding to the very organisations in this country that will make the work that is going on far more transparent to taxpayers and put it in a format penetrable to people other than policy wonks and statisticians. I urge him to think again and go back to the drawing board on that point before we see a lot of very good work undermined and destroyed.

There has been some progress in recent years on streamlining and co-ordinating reporting mechanisms for NGOs and developing country Governments, and I stress the value of doing that. The resources that are spent on servicing bureaucracies could be better utilised elsewhere. Another concern about the accountability of development spending is that a lot of it tends to be project-based, short-term and unco-ordinated and to duplicate existing structures. Consequently, it is often monitored in technocratic ways and measures inputs rather than impacts.

There is a dreadful monitoring and evaluation culture in the development sector, which has grown up around very short-term interventions. I would welcome assurances that the Government's plans will not add to the pick-and-mix plethora of short-term, fashionable projects that fail to have any sustained, long-term impact and that just create a full employment scheme for highly paid, and often highly qualified, consultants based in northern countries. I would rather make a plea for monitoring that is commensurate and proportionate and does not place an undue bureaucratic burden on developing countries, and for impact assessment that is qualitative and longitudinal, not just quantitative, and helps people to improve how they work rather than simply tick boxes.

Let us face it—most people working in development already have an ultimate accountability mechanism in the aid sector. If they do not deliver within a year or two, their funding is cut. It is as simple as that. That contrasts rather markedly with how Government Departments operate in many parts of the developed world and even more sharply with the UK, where bankers in failed businesses seem still to be receiving bonuses.

Much has been said this afternoon about the importance of economic development and questions have been asked about how DFID will take forward its engagement with the business community. No one would deny that foreign direct investment has an important and invaluable role to play, especially in middle income countries. However, I wish to stress to the Secretary of State and others that it cannot be a substitute for aid in meeting the millennium development goals. There are few examples of places where foreign direct investments generate enough economic growth to finance essential services such as health, education and access to water. Those are the services that underpin poverty reduction everywhere it has been achieved.

It is fascinating to note that regardless of the political ideology and economic philosophies underpinning the success of countries in poverty reduction, they have all ensured that their citizens have access to basic health care, education and clean water. We are talking about countries as disparate as Cuba and the so-called tiger economies of south-east Asia. They could not be more distinct in their philosophy and ideological approach, but they have all had essential public services at their heart. They have also had strategic economic investment and planning, as well as proper investment in infrastructure. Those are the things that will create the necessary pre-conditions in which businesses can thrive, but one cannot be done without the other.

One of the key economic challenges in the efforts to address global poverty is that women are significantly over-represented among those living in extreme poverty, those missing out on school and those unable to read and write. They are also grossly under-represented in political forums, corporate boardrooms and decision-making bodies around the world. We will not be successful in addressing global poverty unless we tackle the economic, political and social exclusion of women. There is no doubt that economic investment and growth have the potential to lift people out of poverty, but women need to be part of that and they need education to be able to be part of that.

Increasingly, people connect to global markets for labour, goods and services, but a lot of evidence suggests that the benefits of economic development bypass the

poorest, most of whom are women. In and of themselves, the markets will not address poverty and, in particular, will not address the inequality between women and men—indeed, they can compound existing gender inequalities. I hope that the Government will look closely at that issue and consider how the support that the UK offers in business development overseas benefits both women and men.

Part of the answer lies in improving the accountability of business and corporations operating in developing countries. I warmly welcome the fact that the Government are committed to establishing a grocery ombudsman, as that has the potential to improve significantly the welfare and working conditions of the predominantly women workers in the global food supply chains that supply our supermarkets. Numerous constituents have written to me on this issue, and I hope that the Department for Business, Innovation and Skills will work closely with DFID to bring forward concrete proposals in this area. Incidentally, the ombudsman will also have the potential to deliver benefits to agricultural producers in the UK, including thousands of people in my constituency who work in farming, fishing and food production.

My final point on accountability is about our own accountability to the global community with regard to climate change. Developing countries are already experiencing the adverse effects of increased flooding, droughts and extreme weather events associated with man-made climate change. Few poor countries have the resources to invest in mitigation measures. Nor do they have the resources to rebuild infrastructure and houses that are damaged or destroyed. Climate change is destroying habitats, reducing food security, fuelling conflict and creating refugees. I hope that the Secretary of State can assure me that he intends that, distinct from the aid budget, we should meet our obligations to those countries that have not caused climate change but have to cope with the consequences. I echo the questions posed earlier about climate financing and ensuring that aid money is not vired over to deal with the effects of climate change.

Poverty reduction is fundamentally a matter of political will and priorities. That will does exist in our civil society, and the challenge for Members of Parliament will be to rise to the expectations of our own citizens and keep the aid promises that we made five years ago.

3.19 pm

Stephen McPartland (Stevenage) (Con): Thank you, Madam Deputy Speaker, for giving me the opportunity to make my maiden speech in this important debate. I congratulate my hon. Friend the Member for Wirral West (Esther McVey), who spoke warmly and eloquently about her constituency, and the issue being debated. I also thank the people of Stevenage for placing their trust in me. I will endeavour to repay that trust by working hard to represent their interests in the House. I pay tribute to my predecessor, Barbara Follett, who is well known within the House and the constituency. I hope that she will be remembered for her many impassioned speeches against apartheid. She followed Tim Wood, who is still remembered fondly in the constituency as a man dedicated to helping local people.

The constituency of Stevenage is centred predominantly on the town of Stevenage and the surrounding villages of Knebworth, Datchworth, Codicote and Aston. The town of Stevenage grew out of a small Saxon settlement in the early 700s, but began to expand massively when, in 1946, it was designated as the first new town and the building of large-scale housing estates began. The town continues to expand to this day. However, it is a very green area, with more than a third of the space being parklands and green spaces. It has few traffic lights, for which we are grateful, and an integrated cycle network. Furthermore, Stevenage football club won promotion to the football league this year, and we are very proud to be hosting league football for the first time ever. The town is also home to many high-technology major employers, such as MBDA, which builds complex weapons systems, Fujitsu and GlaxoSmithKline, which has one of the largest research and development facilities in the area. Arguably, it could even be called the space capital of the UK, as Astrium builds its satellites there and the Mars Rover is under development in Stevenage.

Coming back down to earth, on the edge of the town is the village of Aston, which has a long history and was the home of Aston house, where the Special Operations Executive designed, tested and produced secret weapons. Near this is the village of Datchworth, which is a typical English village with an enormous village fête that attracts people from many miles around and illustrates the sense of community present in the area. Then we have Knebworth, which is a much larger village with an interesting history. It is one of the largest open air concert venues in the UK and has seen numerous acts play, from Led Zeppelin to Robbie Williams. The latter drew a crowd of more than 300,000 people, while 3.5 million watched on television. The southern most point of the constituency is Codicote, where there are dynamic plans to improve sports facilities for the whole community for many generations to come.

The fantastic history, transport links, high-tech industries and sense of community show why so many people choose to come to my constituency from all over the UK to set up home and make a better life for themselves and their families. It really is a microcosm of British society today, which brings me to the issue that I would like to tackle. We must move away from a culture where spending money is seen to be the answer to all the problems in our society. We have to target our resources both at home and abroad to focus on activities that deliver results and will make a real impact on the lives of millions of people.

I will take two examples of where significant progress can be made quickly. The first is the millennium development goal to reduce by two thirds the mortality rate among children under the age of five. There is concern that this, like many of the other goals, will not be achieved by 2015, but if we take targeted action we can make real progress. At the moment, around the world, one child dies every 15 seconds from pneumonia, which is the leading killer of children under the age of five. The majority of those deaths are preventable because there are effective vaccines that can protect against the majority of strains of the disease and effective treatments such as antibiotics.

Increasing evidence shows that pneumonia is linked to global poverty, and 98% of these deaths occur in the developing world, mostly in marginalised communities. Yet pneumonia is a disease that can be managed relatively simply if the resources are available. I am proud of the leading role that GlaxoSmithKline, a major employer in

[Stephen McPartland]

my constituency, has taken to try to save the lives of millions of children in the world's poorest countries. GSK is one of the first manufacturers to sign an advanced market commitment, which, by guaranteeing an affordable long-term price, will support the sustained use of vaccines. GSK has worked closely with GAVI and IVAC—the Global Alliance for Vaccines and Immunisation, and the International Vaccine Access Centre—the leading NGOs in trying to sort the problem out, and whose work I commend.

Turning closer to home, we know that here in the UK, it is possible to help a child out of poverty and improve their chances in life if they receive a good education. However, we are not doing enough; we are not lifting enough people out of poverty. In my constituency, like in so many others across the UK, there are children who have tried so hard in school. There is a cadre of dedicated and professional staff who have helped them along the way and invested so much of themselves in helping those children try to improve their life chances, but the system does not seem to work. Those children are being forced through an education system that pushes them out the other end with little chance of getting a job, as they do not have the skills that local employers want.

We need to encourage employers to work with local schools and colleges, to get fully involved in education, to highlight the skills that are missing and even perhaps to take preventive action, possibly by designing some of the more vocational courses. Perhaps the prize at the end of the course should be a job or an apprenticeship with the employer. We need to be innovative and flexible, so that courses can reflect the skills gap locally and more local people can get local jobs. Only by focusing on results here and abroad will we be able to help people lift themselves out of poverty.

Finally, I would like to finish by urging us all to remember that it is very easy to discuss statistics in these debates in the House, but we must never forget that behind the figures are real people—real families and real lives—who have to live day to day with the decisions that we take.

3.26 pm

Simon Danczuk (Rochdale) (Lab): I, too, would like to make my maiden speech and contribute to the debate. Before I do that, however, I would like to congratulate the hon. Member for Stevenage (Stephen McPartland). I was particularly pleased to hear that there are very few traffic lights in Stevenage, which makes me concerned that there are far too many in Rochdale.

As is customary, I would like to start by paying tribute to my Liberal Democrat predecessor. Paul Rowen prided himself on being Rochdale born and bred, and I have no doubt that he would have contributed to this debate. Indeed, he devoted much of his time to overseas issues and was often a champion for countries such as Bangladesh, Uganda and Kashmir. I am sure that he will be sadly missed by those with an interest in such issues.

I also want to pay tribute to my hon. Friend the Member for Oldham East and Saddleworth (Mr Woolas), who had Milnrow and New Hey within his constituency boundaries until general election day. He is an exceptionally good MP, and I consider him to be a good friend.

Although Rochdale is commonly perceived as a classic Lancashire town with problems of its own, there is also much debate about international affairs. I started as the candidate in 2007, and it was not long before people were impressing on me the importance of the problems faced by the Palestinian people. The concern was so great from people in Rochdale, who felt passionately about Palestine, that in 2008 I visited the west bank for myself. The most saddening aspect of the situation is that the poverty experienced by the Palestinians is caused by an Israeli state that seems, to me at least, determined to wear the people down, to push them into a smaller and smaller area, with fewer and fewer resources, and to hide the Palestinian people behind what can only be described as an apartheid wall. Although our Governments find a strong voice to criticise other countries whose actions inflict such poverty on their neighbours, for some reason our Governments cannot or will not speak up enough on the Palestinians' plight.

Earlier this year I visited Bangladesh, and I hope to visit Pakistan and Kashmir in the near future. There are lots of Rochdale residents whose origins are in those three countries. The reason I mention them today is that although poverty exists in those countries, there is also much potential for economic growth. We as a country need to do what we can to help them prosper, so that the poverty can be reduced. What we can also do for those countries is help them learn the lessons that the people in Rochdale have already learned about asbestos. Rochdale was home to the largest asbestos manufacturing plant in the world, and residents have suffered and continue to suffer from this deadly product. Indeed, Spodden valley, where the factory was located, is still heavily contaminated, yet we have developers wanting to build on it—something that I will continue to oppose.

The lessons learned in Rochdale are important. There are companies in developing countries that are playing fast and loose with asbestos, still creating years of illness, injury and death, which then leads to poverty for the families involved. That is why the global economy is so important. The jobs provided by the asbestos plant in Rochdale are long gone to businesses abroad—but at what cost to human life? Many of Rochdale's textile mills and engineering firms have also gone abroad and we find ourselves in a position where unemployment remains unhealthily high. Our town centre has gradually deteriorated to the point where we have about 50 empty shops and a real loss of retail jobs.

The previous Government did much to invest in Rochdale, but that investment was not always handled well locally. Rochdale's Kingsway business park has got off to a slow start; the council has not handled our town centre's redevelopment well; and we now face financial delays and cuts. The new Government have put our transport interchange on hold, there are question marks over school building funds and they are proposing to close our magistrates court.

Although I have described a relatively bleak picture, there are many positives associated with Rochdale. Our football club moved up a division this year after languishing in the bottom of the league for more than 30 years—well done, lads. We have some amazing countryside, including Hollingworth lake, and great architecture such as our town hall. As many will know, Rochdale is the birth place of the Co-op, and co-operation continues with communities coming together cohesively. The churches

and mosques and the voluntary sector do a fantastic amount of work across our town, and we have many excellent businesses and local entrepreneurs.

It is our people for which the town is most famous. They are the warmest and most honest people anyone could wish to meet. Hon. Members may not be aware of it, but during the general election, the former Prime Minister, my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), had the opportunity to receive a real Rochdale welcome. I spoke with Mrs Duffy just before her conversation with the former Prime Minister and I have also met her subsequently. On a serious point, she is a very good woman; she was articulating what many people feel, which is that times are tough and that it is ordinary working people who are feeling the pain.

Sadly, I genuinely do not believe that ordinary working people are going to be helped by this Government's Budget or its cuts. For instance, I, like many other people, was brought up on free school meals in a one-parent family helped by the welfare state. It was hardly surprising that I left school with no qualifications and little confidence to get on in life, but it was the availability of further education and the support of my trade union that combined to create a second chance for me. Now is not the time to attack public institutions that are vital for working people to move on in life. My worry now for the people of Rochdale, and for the people of Britain, is that the VAT increase, the cutting of free school meals, the growth in unemployment, the cuts to public services—all these things and more—will recreate the 1980s society in which I grew up, and that the second chances will no longer exist.

I am in no doubt that my primary responsibility as the MP for Rochdale is to fight for opportunities in our town, to make sure our people receive the life chances that are available in many other parts of the United Kingdom, and to make sure that Rochdalians are given the hope to succeed. It is a privilege to represent the people of Rochdale, and I will work hard in that endeavour.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. As Members can probably see, a great many wish to speak. If contributions can be limited to 10 minutes or less, I may manage to fit everyone in. May I gently remind Members that others wish to contribute to this important debate?

3.35 pm

Chris White (Warwick and Leamington) (Con): Thank you, Madam Deputy Speaker. I will keep it brief.

I congratulate my hon. Friends the Members for Wirral West (Esther McVey) and for Stevenage (Stephen McPartland), and the hon. Member for Rochdale (Simon Danczuk), on their excellent and thoughtful maiden speeches.

More than 60 years ago, the Beveridge report was published. It identified the five giants that threatened Britain in the wake of post-war reconstruction: want, disease, ignorance, squalor and idleness. It showed a country scarred by the events of the great depression—one of the worst financial disasters that the world has ever witnessed—and sought to find a way in which to bring about a fairer society. Perhaps now, in the wake of the most recent recession—the deepest since the 1930s—we should reflect on how to reconstruct a fairer global community.

Fortunately, in our own country we have made great strides in tackling each of the five giants that Beveridge identified. Elsewhere across the world, people have not been so lucky. The facts and figures may be over-told, but they still make for sobering reading. According to the most recent millennium development goals report from the United Nations, 1.4 billion people live on less than $1.25 per day, while it is believed that more than half the world lives on less than $10 per day; 17% of the world are undernourished; 11% of the world's children still do not receive a primary school education; 74 out of every 1,000 children die before they are five years old; 536,000 women and young girls die every year across the world as a consequence of complications in pregnancy; despite falling infection rates, about 2 million people die of AIDS every year; and 36% of people in the developing world live in poor housing. The statistics go on and on.

As we enter a new decade, has the time not come for the developed world to put an end to rhetoric and meet the fundamental challenges that confront the world in dealing with global poverty? The most important of those challenges is economic development, an issue that has been brought further to the fore by the global economic crisis. It is believed that, as a result of that crisis, nearly 100 million more people have remained in poverty than would otherwise have been the case.

According to the United Nations, while productivity—a primary indicator of economic development—has steadily risen in the developed world, productivity in the developing world has been sluggish. Between 1998 and 2008, output per person employed—measured in 2005 United States dollars—rose from $60,000 to $71,000 among those working in the developed regions, while in the developing regions output per person rose from $8,000 to $11,000. That is just over a quarter of the growth of the developed world. Limited increases in productivity indicate that an economy has little potential to create new jobs. Moreover, that can lead to stagnant wages, which keep hundreds of millions in poverty and prevent the creation of the stable domestic markets that are essential to further economic progress.

The link between economic development and reducing poverty seems obvious, but while a great deal of the focus has been on aid, it ignores the necessity of encouraging growth in developing countries. That is less eye-catching and more difficult to achieve, but in the long term it will produce better results.

A report published in 2006 by USAID, the United States Agency for International Development, highlighted the position of South Korea and Ghana. In 1950, South Korea's per capita income was $770. Ghana's was slightly higher, at $1,222. By 2000, however, South Korea's per capita income had risen to $14,000, while Ghana's remained at around $1,280. The figures for life expectancy, literacy and infant mortality have improved dramatically in South Korea since 1950, but the problems continue to dog Ghana. That is despite the hundreds of millions of pounds given to Ghana by Britain alone over the past few decades.

Although I do not doubt the necessity of aid to assist people in developing countries who live in poverty, we must not allow ourselves to mistake aid for the cure.

[Chris White]

Aid must be used as a short-term means in order to achieve economic development, which is the long-term end. Schools and hospitals, the beginnings of a solid infrastructure, are the things that aid can help to achieve. However, the real work of lifting people out of poverty will be done only by a growing economy, with the creation of jobs and rising wages.

That work can be done enough through encouraging a fiscal and administrative reform. Countries can, thus, be helped to adopt tax systems that are fairer, easier to implement, less vulnerable to corruption and less distorting to economic activity, in order to help to develop transparency. We also need to ensure that strong monetary frameworks are in place. I am glad, therefore, that the Government have taken such a keen interest in ensuring that economic development is placed at the heart of our poverty-reduction strategy. I welcome, for example, our support for a pan-African free trade area, which we hope will lead to the greater development of markets within developing countries and help to generate a cycle of prosperity.

Moreover, an issue that goes hand in hand with economic development is that of governance. As was worryingly reported only a few years ago by the National Audit Office, aid is often open to abuse. Poverty reduction budget support—that is money given directly to the Governments of recipient countries—represents more than £1 billion of DFID's budget and is the preferred method of distribution. That comes with the risk of funds going missing and being misdirected for the private gain of individuals within Governments. We must ensure that Governments that receive this aid do not do this, and I welcome the coalition's commitment to supporting the development of local democracy and civil society in order to create the environment necessary for stable governance to follow. Moreover, the commitment to ensuring that there is full transparency in aid and to publishing details of all UK aid spending is also a step in the right direction.

Aid given by this country has the potential to help tens of millions of people across the world and, as part of larger multilateral packages, to help hundreds of millions. However, I am reminded of the fact that the Department that deals with reducing global poverty is called the "Department for International Development". That title recognises the simple truth that development—in particular, economic development—holds the key to reducing and eventually eliminating global poverty. As we look forward to tackling the great giants of global poverty, we should ensure that we place long-term economic development before eye-catching spending commitments. I am glad that the Government seem to be taking that course, and I hope that they continue in that direction.

3.43 pm

Anas Sarwar (Glasgow Central) (Lab): First, I congratulate all the new Members who made their maiden speeches today: the hon. Members for Wirral West (Esther McVey) and for Stevenage (Stephen McPartland), and, in particular, my hon. Friend the Member for Rochdale (Simon Danczuk), who so powerfully highlighted the plight of the Palestinian people. I am sure that he will be a great voice for peace, equality and justice throughout this Parliament, and I congratulate him on his election to this House. I also congratulate the Secretary of State for International Development on his new role and wish him all the best in his endeavours. I am also delighted to see the Chair of the Select Committee on International Development in the Chamber, and I look forward to serving with him on that Committee.

In this country, we are extremely proud of the fact that everyone has access to clean water, nutritious food, quality health care and a first-rate education, thus ensuring that everyone has a good basic standard of living based on equitable principles. If we really do believe in such rights and principles, we cannot limit their application to ourselves alone. In this regard—I use a legal phrase here—equity truly is equality. I strongly believe in the principles of equality and justice, both at home and abroad—indeed, they are the very reasons why I engaged in the political process in the first place. I passionately believe that every child, regardless of where they were born, should have the same chances in life.

Many hon. Members, in their travels to and from Parliament on the underground, may have seen the amazing photo of a young African boy playing football with his friends. The caption reads:

"Abello is also tackling hunger, poverty and disease".

This incredibly moving charitable advertisement highlights the fact that even while the entire world is gripped with the outcomes of the football World cup, there are still millions of people around the world, many of them children, who are fighting poverty on a daily basis. Surely, in this day and age, that cannot be right. This is an age that the formidable former Member of Parliament Tony Benn has described as one in which

"we have the power and technology to be able to resolve many of the problems the world faces and improve the lives of so many people".

I am fiercely proud of my party's record on international development while in government. Since 1997, we have created a dedicated Department for International Development, and Britain's aid budget has trebled, helping to lift an estimated 3 million people out of poverty. Britain was the first country to sign up to the United Nations agreed target of spending 0.7 % of gross national income on development assistance. We have also led the way in cancelling debts owed by the world's poorest countries, and we are now the world's second largest bilateral humanitarian aid donor. We have stopped aid being tied to commercial interests, enabling poor countries to use the money to buy goods and services from the most cost-effective sources. That is a legacy that we on these Benches are rightly extremely proud of, but it is also a legacy that must be built upon, not diminished, because a tremendous amount of work remains to be done.

Approximately 80% of people in the world still live on less than $10 a day. Thousands of people die every day due to lack of food, and nearly 30% of children in the developing world are estimated to be underweight. Millions of people die every year due to preventable diseases, around half a million women die every year while giving birth, and more than 1 billion people do not have access to safe drinking water. The list is endless.

I really cannot stress enough to the Government the importance of continuity, through ensuring that the millions of people we have helped over the past 13 years do not fall back into poverty and through continuing to

take millions more out of poverty every year. We can do that only by maintaining pressure on the international community and working with our international partners to ensure that the eight millennium development goals—ending poverty and hunger, universal education for children, the elimination of gender inequality in education, improving child health, improving maternal health, combating HIV/AIDS, achieving environmental sustainability, and the creation of a global partnership for development—are all met.

The millennium development goals have galvanised extraordinary efforts to help the world's poorest people, but it is widely considered unlikely that they will be achieved by the 2015 deadline, especially following the results of the recent G8 meeting and the G20 summit. I wholeheartedly agree with the sentiments expressed by the hon. Member for Banbury (Tony Baldry) in his question to the Prime Minister yesterday when he said that our commitments to international development must be maintained because

"our national interest, security stability and sense of humanity very often begin overseas".—[*Official Report*, 30 June 2010; Vol. 512, c. 860.]

Hon. Members will therefore appreciate how hugely disappointed I was to learn that the Prime Minister did not manage to persuade other members of the G8 to stick to the historic aid commitments that they had made at Gleneagles, which were kept out of last weekend's G20 communiqué. This is doubly disappointing when we consider the fact that the global economic downturn is having a devastating effect on the lives of millions of the world's most vulnerable people.

The failure of France, Germany and particularly Italy to deliver on the commitments that they made at Gleneagles represents an unforgivable betrayal of the world's poorest people, because, in the words of the UN Secretary-General Ban Ki-moon,

"we cannot balance budgets on the backs of the world's poorest people. We cannot abandon our commitment to the most vulnerable."

For international development to be effective, it has to be a truly global effort on behalf of all developed nations. The Government must therefore do more to ensure that the future of the world's poorest remains high not only on their agenda but on the agendas of other members of the international community.

If we are to address global poverty, we must address its root causes by making the global economy work better for the poorest nations. On a practical level, that means that we must ensure that the consistent and coherent approach adopted by my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander)—to whose contribution as the former Secretary of State for International Development I pay tribute—is kept as a part of our international trade policies by firmly placing development as their core guiding principle.

We also need to reform global financial institutions such the World Bank and International Monetary Fund by making their decision making processes more transparent and inclusive. We need to do much more to monitor and regulate international business and the impact that it has on the environment, because the effects of climate change are making it even harder than before to tackle global poverty. Developing nations now need significant sums of additional finance just to help them adapt to climate change.

Perhaps most importantly, we need to prevent tax avoidance in developing countries by helping to build and strengthen their tax administration and collection systems. More effective tax collection is vital because not only does it provide a sustainable stream of finance for developing countries but it promotes stronger governance through an accountable state-citizen relationship. The increased stability that it brings significantly enhances the prospects of economic growth.

The UN millennium development goals meeting in New York later this year represents a major opportunity to agree urgent action on behalf of the world's poorest children. Globally, millions of children still have to work to survive and are having their rights denied as a result of poverty. In order to secure the best possible deal, the Government must, from the outset, put forward a clear agenda for the meeting in terms of the key objectives they wish to obtain. Otherwise they will risk having a re-run of the shocking episode that took place over the last weekend.

At a time when people question whether there is a global role for Britain to play in today's world, what better role can there be for us than that of the leading voice for international development?

3.50 pm

Rebecca Harris (Castle Point) (Con): I am very fortunate to have in my constituency two of the only charity shops in Britain that donate all their profits to UNICEF, which campaigns to fight child poverty and exploitation around the globe. Indeed, my right hon. Friend the Secretary of State was able personally to give them an award earlier in the year for their sterling fundraising work and to see first hand the dedication of the volunteers and staff who make such a difference to children around the world.

In 2006, before the bubble burst, triggering the global financial crisis, the British public donated more than £33 million just to UNICEF and its global campaigns through direct appeals and fundraising activities in communities all over the UK, including the two shops in my constituency. In 2009, the year after the collapse and at the height of the global financial crisis, the British public donated more than £40 million to UNICEF and its global campaigns. Following the tragic earthquake in Haiti in January, the Disasters Emergency Committee—the umbrella organisation for the independent humanitarian relief agencies in the UK—raised a staggering £38 million in individual donations in less than one week from members of the British public who were horrified by the sheer scale of human suffering thousands of miles from our shores.

It is clear from those facts—I am sure that colleagues from all parties will agree—that the British public have not wavered in their generosity towards alleviating the suffering of the worlds' poorest and most vulnerable people in the face of the world's global financial crisis, and neither should we. However, I am sure that I am not alone in this House in being asked by constituents some searching questions about the Government's commitment to ring-fence the foreign aid budget. There is worry about it, particularly given the pressure across all other budgets as we approach a spending review in the autumn and what will be economically challenging years ahead. Worse still is the sense that the aid budget might be poorly targeted or siphoned off due to corruption.

[Rebecca Harris]

In an era of global responsibility, where 24,000 children die in poverty every day and more than 3 billion people live on less than $2.50 a day, it is right that we should maintain our international aid budget and do all we can through trade, diplomacy, business investment and climate change policy to ensure that our efforts to help the world's poorest are not damaged by the uncertain state of the global economy. It is also right that in the current economic climate, more than ever every pound of taxpayer's money that we deliver in aid must provide the most value possible and be distributed through a system that is completely transparent.

I am sure that many people in this House were alarmed by recent reports that billions of pounds in cash have been flown out of Kabul airport since 2007, suggesting that huge sums of aid from us and our NATO allies has been falling into the wrong hands and has been used for the wrong purposes. The misuse and mistargeting of international aid resources is still a big obstacle in the fight against global poverty and we need to seek out new ways to guarantee that aid is getting to where it has the greatest effect and does the most to alleviate poverty.

One issue that many people feel strongly about, which we have already covered today, is the aid that we have given to China. In the 2008-09 financial year, we donated £118 billion of aid to the People's Republic, £40 billion of which came through the Department for International Development. By anyone's observation, the British taxpayer is not getting value for money by continuing to give millions of pounds of aid to the second-largest economy in the world. I welcome the Government's commitment to withdraw from its bilateral aid programmes with China and Russia. Similarly, the British taxpayer was not getting value for the money that they expected to go towards tackling global poverty. Millions of pounds were spent on UK-based awareness projects by the Department for International Development under the last Government.

As well as gaining more value for money from our aid budget, it is vital that the giving of all forms of Government aid is as transparent as possible. Taxpayers should easily be able to gain a real understanding of how their money is going to make a difference in the fight against poverty and they should also have access to as much information as possible so that they can form an opinion on where that money should go and on how effectively it is being spent.

I sincerely welcome every commitment that was outlined by my right hon. Friend the Secretary of State in his speech at Oxfam's "21st-Century Aid" report launch earlier this month. I particularly welcome the introduction of the UK aid transparency guarantee to ensure that the most value possible is squeezed out of every pound of aid under this Government and that people can be fully reassured about where their money is going. I also strongly support the clearer linking of aid to the work and ambit of the National Security Council. One of the tragedies of Iraq was the failure to put in place a proper plan to restore and maintain the infrastructure that no doubt extended the insurgency. Linking our development work to our military work and responsibilities is difficult and includes risk. Many of the organisations that we work alongside will no doubt have reservations, but we cannot do anything but regard Afghanistan as a major priority development area. The focus on development and reconstruction is absolutely essential if we are to leave that country able to look after itself. Of course, the NSC allows us to take the broader view on which development projects both have intrinsic moral value and work towards our national security interests in the long term.

In conclusion, I want to underline the generosity and moral focus of the British public towards tackling global poverty, which has strengthened, if anything, in the recent global financial crisis. There is still a monumental battle to fight against global poverty; we are right to protect the aid budget and we look forward to providing greater value and transparency. In doing so, we can not only ensure that we lift as many lives as possible out of poverty but reassure the British taxpayer that international development works not only to the benefit of the developing countries but in Britain's best interests.

3.57 pm

Alison McGovern (Wirral South) (Lab): May I begin by paying tribute to the hon. Members who have made their maiden speeches today? The hon. Members for Wirral West (Esther McVey) and for Stevenage (Stephen McPartland) and my hon. Friend the hon. Member for Rochdale (Simon Danczuk) all made excellent contributions. My contribution will not be anything like as expert as those of my hon. Friends the Members for York Central (Hugh Bayley) and for Glasgow North (Ann McKechin), who made wide-ranging speeches that covered many aspects. I want to highlight two specific points about global poverty, the first of which is the importance of trade, particularly fair trade. The second is the important role of democracy in tackling global poverty, particularly in relation to backing up organised labour in poor countries and supporting people on very low incomes in fragile employment.

On fair trade, we are all aware that aid is not the final answer but a tool to assist economic development. I have felt strongly for many years about the possibilities of Fairtrade labelling. The idea that started many years ago is now coming to fruition: by telling people in consumer countries that the goods that they buy somehow back up people on low incomes in producer companies, we have a mechanism for delivering on economic development. I pay tribute to the previous Government's achievements in supporting the Fairtrade Foundation. There has been a massive expansion of the Fairtrade label, with 70% of people in Britain now recognising the label and understanding what it means—seven out of 10; that is a real achievement. Also, the Fairtrade label has been adopted by major brands in this country. Many people around the UK are choosing to back producers in other countries, and that is a victory.

I put this challenge gently to the Government that they should continue to support the Fairtrade Foundation. We are rightly seeking to reduce the deficit but, although the sums devoted to assisting international organisations to monitor free trade labelling are small, they have the power to do real good. I feel particularly strongly about this matter, as it combines two of my biggest passions in life—shopping, and supporting people on low incomes abroad. I have a personal commitment that I recommend to all Members of the House, and it is that I always buy any new product that carries the Fairtrade label, whatever it is—and then, before we know it, we are always buying

Fairtrade coffee, which is great. As I said, I encourage the new Government's Ministers to look at that programme carefully, to see what more we in this country can do to back up Fairtrade.

My second reason for speaking in this afternoon's debate is that I came across an example in my constituency of Wirral South of trade union members in this country backing a campaign being run by trade union members in Pakistan. I found it quite inspiring and I want to share with the House the success that has been achieved but, before I do, I shall read a quotation from the Nobel laureate Amartya Sen. He is a fine philosopher and economist who has done extensive research into the subject of famine and food security. He said that

"no major famine has ever occurred in a functioning democracy with regular elections, opposition parties, basic freedoms of speech and a relatively free media".

I think that the lesson for us all is that we must support the good functioning of democracy in other countries. We cannot allow a discussion about global poverty to pass without recognising the politics that exists in other countries.

In that light, well-functioning trade unions are especially important. I mentioned that that had been highlighted for me by local members of a trade union in Wirral South. The company Unilever is based in my constituency and, by and large, it is a fine employer. I hear great reports from people in my constituency, who say that it is fantastic to work for. However, Unilever has a tea production plant at Khanewal in Pakistan, where 723 workers were contracted through an agency on a no-work, no-pay basis.

Now, I am from Merseyside, and I grew up with the tales of what used to go on in the Liverpool docks. There are memories in my family of what it was like to go down to the dockside without knowing whether there was any work or whether the family could be fed. Therefore, I feel passionately that we must seek to end these practices, wherever they are. What happened in Liverpool all those years ago was not right, and it is not right if it happens anywhere else in the world today.

The workers in Pakistan had no sick leave or annual leave, and no right to join a trade union, but they organised themselves. With the support of the IUF, an international trade union, they were able to make representations on how to deal with the problems that they faced, and they received support from trade union activists all over the world. Eventually, the IUF helped them to undertake negotiations with Unilever, which took place under the auspices of the UK's national contact point responsible for the application of the OECD's guidelines for multinational enterprises.

The two sides came to a settlement, under the terms of which Unilever agreed to create 200 additional permanent jobs, and many other successful outcomes were also achieved. The IUF general secretary said:

"The Khanewal agreement…is a great moment for hundreds of our members in Pakistan who will now take up permanent employment…It brings better livelihoods for their families and some dignity and security at work…Unilever's willingness to work with us so constructively through the OECD process suggests we may be able to look forward to an ongoing and structured dialogue with Unilever."

I wanted to highlight that because it is a real success. That shows what people can achieve when they are given the dignity to stand up for themselves and their work, and to influence their terms and conditions. That is one small example, but it is the pattern we need to follow. I call on the Government to work across Whitehall to stand up for low-paid workers internationally.

My hon. Friend the Member for Glasgow North had much to say about the importance of considering employment as a factor in poverty, and Professor Sen, whom I quoted, has also investigated that in great depth. We should all learn that the things that we are calling for in other countries are what we would want for our friends and families in employment in this country. I hope the Government go forward on that basis and I look forward to debating such issues in future in this Parliament.

4.6 pm

Joseph Johnson (Orpington) (Con): I congratulate all those who made their maiden speeches today. They have made the afternoon fly by, such has been their quality.

I wish to express my wholehearted support for the vision for UK aid outlined by my right hon. Friend the Secretary of State, especially in so far as it is driven by a desire to focus the UK programme on outcomes and value for money rather than on inputs and on what quantities of money are shovelled overseas. I particularly welcome his comment that he intends to review the UK's aid relationship with India. As he said, there is now a double duty to demonstrate not only that aid money is well spent but that it is spent where most needed so that the Government can carry the country with them at a time of intense budgetary squeeze and retrenchment.

Under the coalition Government, the Department for International Development is already curtailing aid to China and Russia and promising much greater value for money. I believe that it is time to scale back DFID's substantial India programme. I say that in response to the question asked of the Opposition by my hon. Friend the Member for Banbury (Tony Baldry), who asked them to show where money could be saved in the DFID budget.

When we look at DFID's expenditure, we see that the India programme is the single largest country programme by quite some distance—it is worth £825 million over the three years to 2011. By my calculations, that means that the flow of grant aid from the UK to India is greater now than at any point for at least the past 20 years and, although I cannot trace the figures, perhaps more than at any time since independence in 1947.

Defenders of the aid programme to India can legitimately argue that progress towards meeting the millennium development goals by 2015 hinges on India—that is quite right. However, nuclear-powered India can now fund its own development needs, considerable though they are in a country that is home to 450 million poor people and a third of the world's malnourished children.

Those who follow Indian affairs will know that it has a defence budget of $31.5 billion and, as my hon. Friend the Member for Bournemouth East (Mr Ellwood) mentioned, it has a very ambitious space programme, including plans for an unmanned moon shot. It also has a substantial aid programme of its own. It is obviously not yet at China's stage of development—India is not China—but it is a claimant to a permanent Security Council seat and to a place at the top table of world affairs. As such, it is hardly a natural aid recipient.

[Joseph Johnson]

Of course, the moral arguments are very finely balanced—a poor person is a poor person wherever he or she is in the world—but to my mind, common sense suggests that it is a better idea for the UK to prioritise aid to countries that cannot afford to fund their development over those that take the money just because it is going free. Many other donor countries in recent years have been kicked out of India for being too small—managing their donations was simply too bureaucratic and cumbersome a process to be worth the Indian Government's while. The aid flows of others such as the US peaked 50 years ago in 1960. The US has stated that it is "walking the last mile" in India. The result is that the UK, perhaps inappropriately, now accounts for as much as 30% of all foreign aid to India. That is arguably money that New Delhi could allocate to its own development if it chose to do so. My view is that we must, as the coalition programme states, work towards a new partnership with India for the 21st century—a "new special relationship", as the Conservative manifesto originally put it. It must be based on strong bonds of trade, not anachronistic ones of aid that hark back to a previous relationship between our two countries.

4.11 pm

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I should like to say a few words about the issue raised by the withdrawal of a grant to an organisation based in my constituency, which I raised briefly in an intervention on the Secretary of State. I appreciate that we are considering many issues of great international significance in this debate, and I do not want to take up too much time on what some may regard as a relatively tangential matter, but I want to raise my concerns about the way in which, certainly on the information I have, a small organisation doing good work has been unfairly treated. That decision also raises issues about the Government's approach to development awareness activities in the UK funded by the Department, and the Minister should say something about it in his reply to the debate.

I shall first give some information about the grant that has been withdrawn and the organisation that received it. Hon. Members will recall that at the start of the debate the Secretary of State, as he set out his decisions, headlined one of the five projects from which funding has been withdrawn—a Brazilian-style dance troupe with percussion in Hackney. That project was certainly given some attention in the media. I presume that the only reason why the Secretary of State headlined that project was that "Brazilian-style", "dance troupe with percussion" and above all "Hackney" are phrases that set every bell ringing in the right-wing media and pressure groups. If one mentions "Brazilian-style dance troupe" and "Hackney" together, one does not really have to argue any further in some people's minds. That is an unfortunate approach to the debate and I suspect that it stereotypes that particular group in Hackney. I have no knowledge of the group, but I suspect that my right hon. Friend the Member for Tottenham (Mr Lammy) who intervened on the Secretary of State wanted to suggest that it was somewhat more than the latter had portrayed.

In any event, I assure the House that when I visited the very small office of the organisation based in my constituency, there were no samba bands practising in the room and no indication of anything to which anyone would have any objection if they studied its work. Scotdec—the Scottish Development Education Centre—is based in my constituency but does work in many parts of Scotland. It is a respected educational organisation that works with local authorities, the Scottish Government and development organisations and has been supported by DFID for work with teachers over many years. I can only assume that the work was recognised by the further grants that were given to it for the current project, which has now had its funding withdrawn just one year into a three-year project.

Scotdec tells me that it works with almost half the schools in south-east Scotland. That is a lot of work for just three staff, not only answering inquiries but going into 228 schools. I have had letters from staff at Jewel and Esk college in Edinburgh and other organisations with which Scotdec has worked, saying that it performs valuable work that fits into wider educational programmes and teacher training programmes in south-east Scotland. Mention was made of the fact that the project works with nursery teachers, as if that was sufficient to say that it must in some way be a bit dotty. Let me assure the Secretary of State that, according to my information, the project works not only with the occasional nursery teacher but with further education colleges and their educators as part of programmes that have been validated and recognised for their value since the project started just over a year ago.

Mr Andrew Mitchell: The hon. Gentleman is making a strong case for his constituents and the organisation that is based in his constituency. We are endeavouring to get him a copy of the letter that should have reached him this morning; I hope that it will arrive during the debate.

The issue is not really whether the expenditure that he has identified is of good quality; it is whether it should come from the budget that I mentioned earlier. The hon. Gentleman may wish to consider whether it is an appropriate way to deploy international development expenditure or whether there are alternative forms of support that his constituents might be able to attract.

Mark Lazarowicz: I know that the Secretary of State's office has been trying to get a letter to me this morning and this afternoon. Unfortunately, despite contact with both my office here and my constituency office, it appears still to be lost somewhere in cyberspace. The right hon. Gentleman will appreciate that I have to proceed on the basis of the information that I have.

I shall address the Secretary of State's comment about whether this project is the type of work that should be funded by DFID, but I want first to say something about the project itself. The Secretary of State has almost given support to my argument because he does not appear to suggest that there is anything untoward about the project. I understand that he had no criticism of the work that the project has undertaken. Indeed, I am informed by Scotdec that it was about to submit its first-year report to DFID, but had not actually gone into the Department, so presumably the decision to withdraw the funding could not have been based on any knowledge or understanding of the project. The Secretary of State's comments seem to suggest that that is the case: the decision was based on a general principle rather than any criticism of the project's work.

The project organiser was very unhappy—I can see why—about the fact that the first information the organisation had that the project was going to lose its funding was a phone call and e-mail received late on a Friday afternoon, followed by a press notice on the Monday. Apart from being extremely discourteous, that was hardly a fair way to allow a small organisation to respond to a withdrawal of funding which has severely impacted on its ability to carry out its work.

I shall look at the letter that the Secretary of State is seeking to send me. It may well arrive by more conventional means during the afternoon.

Behind the Secretary of State's decision there is, as he has indicated, a clear political choice to stop funding for projects of this nature. Is there now a general policy of not funding projects promoting development awareness and education in the UK? If so, that takes matters further than the Department's press statement on 17 May, in which the Secretary of State said:

"There is a legitimate role for development education in the UK, but I do not believe that these projects give the taxpayer value for money."

No evidence has been given that these sorts of projects do not give value for money. The project in my constituency has been cut just over a year into what was to be a three-year project. A lot of preparatory work has been carried out for the next year, which suggests that it would not be good value for money to cut it at this stage.

In any event, the press notice from the Secretary of State seemed to suggest that there might be some circumstances in which development education was to be funded in the UK by DFID, but if the policy is now that no development education will be funded in the UK, that is extremely regrettable.

The Secretary of State and the Prime Minister face criticism from some of the more right-wing elements on their Back Benches and in the media for agreeing, with all the qualifications that we have heard in this debate, to maintain spending on international development. It seems that a few projects are being thrown to the wolves—a bit of red meat for the right wing—in order to distract their attention from the rest of the Department's work, and if that is the case it is extremely regrettable. If the Secretary of State is, indeed, withdrawing support for development education in the UK, I ask him to reconsider that decision in respect of the project in my constituency and more generally, because it would be a retrograde step and a reversal of what Governments of all parties have recognised as a minor, but important part of the activity that DFID funds here in the UK.

I shall briefly make the case for Government support of development education in the UK. Everyone in the debate so far has recognised that an essential component of international development is justice—trade justice and debt justice. That requires action not only by Governments and international organisations, but by civil society, including citizens, business organisations, trade unions and many more besides. Such action is more likely to be achieved, and Governments are more likely to move towards greater trade justice and debt justice, if as many people in this country as possible are able to engage with and understand the issues—yes, through awareness-raising work among the general public.

If the Government are withdrawing funding from such programmes, I find that extremely regrettable. In terms of the project in my constituency, where better to start on awareness-raising work than with our youngest citizens-to-be? I urge the Secretary of State to reconsider his decision on that project and, if it reflects a wider policy, the wider policy as well.

4.21 pm

Nicola Blackwood (Oxford West and Abingdon) (Con): It is a real privilege to have the opportunity to speak in today's debate, and I congratulate all the new Members who have made their maiden speeches today. They put mine to shame. This is only the second time that I have spoken in the Chamber, and I was very excited at the prospect. However, I was a little disappointed to hear the tone that the shadow Secretary of State chose to take and, especially, the fact that he cast doubt on our Secretary of State's attitude to development, because we only have to look at his leadership of Project Umubano, in which he has taken hundreds of Conservative activists and Members to Rwanda and Sierra Leone, to see exactly what commitment he has. It is a practical commitment and an effective commitment, and the shadow Secretary of State might like to take some advice on how to behave in opposition.

In Oxford we have a proud tradition of playing our part in international aid. After all, Oxfam takes its name from the city, and in the midst of this discussion about the value that the public place on aid we should give our electors more credit for their compassion and personal commitment to the issue, not to mention their understanding of the basic fact that global poverty promotes global instability. I have seen the evidence of that compassion and understanding in my constituents again and again, and it is in exactly no one's interests to let the poorest countries get poorer.

Just last week, I was so proud to attend the sixth anniversary of Helping Hands, a local charity that works to improve child health in Uganda. The celebration was at Cumnor primary school, which has long been linked with a school in Uganda. The children whom I met were so excited to tell me about how they fundraised to buy equipment, wrote letters to their friends in Uganda and, if they are able to raise the money, will visit that school in October. Not one person there—child, teacher or governor—expressed doubt about the value of that investment.

However, speaking to those girls and boys, whose enthusiasm and resourcefulness would be a lesson to all Members, I was struck by the fact that, were I speaking to a similar class in parts of Afghanistan or sub-Saharan Africa, I might well find similar levels of ingenuity, but I would not find similar numbers of female pupils or staff. As the hon. Member for Banff and Buchan (Dr Whiteford) said, the statistics on gender inequalities are still shocking. Women and girls are affected disproportionately by poverty, and they are more likely to become victims of the main causes of poverty. That means that women still make up a staggering 70% of those living in extreme poverty. They perform 66% of the world's work and produce 50% of the food, but earn only 10% of the income and own only 1% of the property. Of an estimated 93 million children who are out of school, the majority are girls, meaning that women make up two thirds of the world's 1 billion people who can neither read nor write. An estimated half a million women die every year as a result of pregnancy complications in childbirth, with 99% of those deaths occurring in developing countries.

[Nicola Blackwood]

These statistics, shocking as they are, do not convey the humiliation and suffering that they are intended to represent, and they do not show the ripple effect that poverty, lack of education and poor access to health care have on entire communities. Fatima's story does, though. It clearly shows the dire consequences that a mother's death can have for her entire family and community. Fatima and her husband Ahmed already had nine children and were barely surviving on his salary as a security guard when she became pregnant again. He nearly lost his job taking care of the family during her difficult pregnancy. Then Fatima died giving birth to twin boys in a Kabul hospital. Because of Afghanistan's shattered health care system, one in every six Afghan women will die from complications of pregnancy and childbirth.

Fatima's hospital expenses put Ahmed into even deeper debt, so he took their 13-year-old son out of school to work. The twins had to be fed on expensive formula, and they were often ill with diarrhoea or acute respiratory infections, the most common killers of infants worldwide. The family's 11-year-old daughter was then taken out of school to care for them. At seven months, the smaller twin died. Ahmed remarried, increasing his debt and poverty, so he married off his oldest daughter when she turned 13. She became pregnant at 15, before her body was ready, and suffered an agonising obstructed labour. Her baby was born brain-damaged and she was left with an obstetric fistula that made her incontinent. As a result, her husband abandoned her, and she had to return to her family to live in increasing poverty.

Stories like that are all too common, and they are the reason millennium development goal 5 calls for massive reductions in maternal mortality. International failure to stay on track with this MDG undermines progress in achieving all the other MDGs on education, gender equality, child health, and poverty—for everyone, not just for the women who die unnecessarily. I am pleased that the Secretary of State has recognised that improving performance on MDG 5 needs to be a DFID priority, and I am sure that the UK's representations at the September summit will include strenuous calls for other countries which are not living up to their international commitments to do the same. I hope, too, that those discussions will include in-depth considerations of the impressive impact that abolishing user fees for maternal health has had in Sierra Leone—despite the fact that I do not want to agree with the shadow Secretary of State. Finding a workable way to deliver this policy alone may go a significant way towards meeting MDG 5 by 2015.

This is not exactly breaking news: it has long been recognised that women face greater obstacles to escaping poverty than men, and there have been many campaigns to try to improve the situation; the MDGs are evidence enough of that. However, while this campaigning has been superbly effective in catalysing Governments and multilaterals into developing strategies to address these obstacles, there has been an unintentional and unfortunate side effect. All too often, women are seen as helpless victims—the passive recipients of aid programmes that can never quite manage to stem the tide of violence and disease that preys on them. This is complete nonsense, and it is dangerous nonsense, because by consigning half the population to victim status, we dismiss 50% of a developing country's human resources—a 50% who are already active and engaged.

This trend is particularly noticeable in the area of food production, security and climate change. Despite traditional stereotypes, women are engaged in agricultural production in increasingly large numbers. Data offered by the UN hunger taskforce suggests that of the 4 billion poor and hungry, 50%—2 billion—are smallholder farmers, and the majority of those are women. The Food and Agriculture Organisation further suggests that women account for 70 to 80% of household food production in sub-Saharan Africa, 65% in Asia, and 45% in Latin America and the Caribbean. That so-called feminisation of agriculture means that women are becoming increasingly important to agricultural production systems. The reasons for the trend are wide-ranging but include rural-to-urban migration of men, war and its demographic impacts and mortality linked to HIV/AIDS. In many instances, it actually means that the role of men in agricultural production is becoming less significant than that of women.

Finally, and perhaps most importantly in the context of food security, the production of crops and produce is frequently divided along gender lines. Men are often involved in non-food produce such as tobacco or higher-value food crops for export. Women, on the other hand, are much more likely to be involved in the production of staple food crops for sale in the local market or for household subsistence. In that respect, they are the ones who ensure that the food security needs of families and communities are met.

Climate change is only increasing the challenges that they face. Where it has acute effects on land productivity, women run a higher risk than men of losing their means of livelihood. There is already evidence of that in areas with prolonged drought or heavy flooding, where men have left the rural areas in search of employment leaving women and children on farmland with dwindling resources.

Because women continue to be regarded as home producers or farming assistants and not as economic agents in their own right, they continue to be left out of policy support for mitigating and adapting to climate change. Climate risk insurance, for instance, is unlikely to reach women farmers if farming policy continues to ignore small-scale food growers. In fact, women in forestry, fishing and agriculture receive just 7% of total aid, and in Africa women receive just 10% of the credit for small-scale farmers. When women do obtain credit, the average value is 42% of what is granted to male farmers, and they often require a much higher percentage of collateral. That is clearly unsustainable. As the realities of climate change and food insecurity are beginning to bite—I am thinking particularly of the Sahel food crisis—it is becoming increasingly clear that one hope of effectively increasing the resilience of communities at risk is to engage, resource and train women who are already doing more than their fair share to clothe and feed some of the poorest communities in the poorest countries.

I hope that I have gone some way to showing what effective agents for development women in agriculture already are. As developing effective strategies to tackle food insecurity and climate change becomes ever more urgent, I hope that investing in women in agriculture

will be seriously considered as a cost-effective and sustainable way of creating more sustainable communities in the areas in question.

4.32 pm

Katy Clark (North Ayrshire and Arran) (Lab): May I take this opportunity to welcome you to your post, Mr Deputy Speaker? This is the first opportunity that I have had to speak in a debate with you in the Chair.

I also welcome the Government Front Benchers, and I welcome much of what the Secretary of State said in his opening contribution. The political commitment to ring-fence the international development budget is extremely significant, particularly given the huge cuts that are being announced in other departmental budgets. My hon. Friends are right to say that there will be political pressure from some quarters to reconsider that over the coming period, and I am sure that many Members in all parts of the House will speak up on the matter and provide support to ensure that the level of funding provided to the Department is maintained.

The previous Labour Government had an excellent track record on international development. They trebled the amount spent on aid during the period from 1997, and, on top of that, a huge amount of work was done to ensure that the types of project that the British Government funded were as effective as possible. It is important that we say that again and again, and that the coalition Government build upon it.

As we have heard, huge numbers of people on the planet struggle in abject poverty, and I would like to focus particularly on the impact on those people of the global economic crisis that we have gone through and are still going through. The situation is getting worse rather than better. My hon. Friend the Member for Glasgow North (Ann McKechin) has already mentioned the estimate by the World Bank that by the end of this year 64 million more people will be in poverty than at the start of the year. It also says that 53 million more people were trapped in poverty during 2009 as a direct result of the global economic crisis. The World Bank says that that will have a long-term effect, with estimates suggesting that by 2020 poverty rates will be higher, even if everything goes well from now on, than they would have been if the global economic crisis had not taken place.

The concern is that the cuts announced in this country and in other European countries may have an impact on growth, and the developing countries will feel the effect if people in this country do not buy their products and provide a market for their goods. It is therefore vital that we maintain the levels of aid that we provide. We should also do everything that we can—at the international events in which the Government are involved—to ensure not just that Britain moves towards the 0.7% target, but that as many countries as possible make similar progress, because this will be a very difficult time for developing countries as their exports decline, prices fall and pay rates are lowered.

Developing countries are also dealing with a food crisis. In 2008, because of international events, the prices of the foodstuffs bought by people in many developing countries soared. According to the most recent millennium development goals reports, food prices remain high, and that will have a significant impact on malnutrition rates in many countries.

Members on the other side of the House have mentioned the scepticism about aid in some quarters among the British public, but I suggest that only a significant minority are concerned about Britain spending money on aid while we are also cutting back at home. It would be unjustifiable for Britain to take any other course. If we do not do everything that we can to try to take people out of poverty in other parts of the world, we—and they—will have to live with the consequences. We are already seeing the impact on human rights in those countries, with significant amounts of unrest because of long-term increases in economic inequality within countries as well as between countries.

We have already seen, for example, an increase in the number of trade unionists being killed. In a recent report, the International Labour Organisation, which is part of the UN, said that there had been a 30% increase between 2008 and 2009 in the number of trade unionists killed. Similar figures are being recorded relating to other aspects of human rights.

Several hon. Members have mentioned the position of women, and I welcome the fact that the Government have said that they want to put women at the heart of development issues. Several colleagues have talked about the figures on, and the concerns about, maternal mortality. United Nations millennium development goal 5 was aimed at reducing maternal mortality by 75%, and I urge the Government to maintain the previous Government's strategy of putting women at the centre of their policies.

We need to consider other ways of providing further funding for aid. However, I ask the Government to consider not just aid, but some of the suggestions from the various non-governmental organisations campaigning on this issue, particularly the suggestions for a Tobin tax and international forms of taxation, the funding from which could be earmarked for, and directed towards, trying to do something to bridge the huge gap in the world between rich and poor, both within and between countries. I have heard the comments about providing aid to relatively well-off countries, but although countries such as Colombia are relatively well-off in international terms, they still have huge inequalities of wealth and millions of people still living in shanty towns. Even for relatively well-off countries, where there is abject poverty and where people are living in squalor, it is appropriate that the British Government take a stance and look for ways to provide assistance.

It has been a pleasure to make a contribution to this important debate. I hope that all Members will do all they can to hold the new coalition Government to account on this issue and maintain the politic pressure that clearly exists in the country to ensure that Britain is at the forefront of efforts to address global poverty.

4.41 pm

Damian Hinds (East Hampshire) (Con): It is a privilege, if a little daunting, to speak in the same debate as my hon. Friends the Members for Wirral West (Esther McVey) and for Stevenage (Stephen McPartland) and the hon. Member for Rochdale (Simon Danczuk), who made outstanding and passionate maiden speeches.

As my right hon. Friend the Secretary of State said, aid is not the final answer. Nations become sustainably prosperous not through our charity or redistribution, but when they can create their own wealth. My hon.

[Damian Hinds]

Friend the Member for Castle Point (Rebecca Harris) mentioned the letters and e-mails that a number of hon. Members are getting from people who are unhappy that, at a time when the Government are having to cut back severely on spending programmes, we are still committed to spending money on aid. I do not know whether, as the hon. Member for North Ayrshire and Arran (Katy Clark) said, those people constitute a small or a significant minority, but they certainly exist, and we have to work hard to carry them with the programme.

The line "charity begins at home" holds a certain attraction, but, as we see again and again from the generosity of the British people when called upon, charity here certainly does not end at home. The moral and altruistic argument for aid is strong, but as politicians we can, and must, do better than hitherto in explaining to, and convincing, people why aid can also be in our own interests when properly targeted and as long as we know that other wealthy nations are also making their proper contribution alongside ours. A larger world gross domestic product benefits not just newly developing countries, but the entire world economy, through bigger markets, specialisation and trade. It ensures that the world's scarce resources, including human resources, are put to better use, and through the promotion of stability in otherwise volatile parts of the world, it contributes to our security. Furthermore, there are benefits in terms of climate change, economic migration and so on, and often direct benefit can be had from strategic bilateral relationships, which of course are competitive exercises between countries.

Private enterprise is the single most important driver of development. It creates jobs, wealth and opportunities. It also harnesses the talents and the enterprise of entrepreneurs, who in turn, through their ingenuity and drive, will create opportunities for their countrymen and women to prosper. However, in the world's developing economies, just as here at home, that hinges on access to credit.

Like everybody else, poor people need money if they are going to start businesses. However, mainstream banks often do not want to deal with them, because the sums of money involved are so small and because it is difficult to find an attractive return once the full operating costs have been factored in. A key to successful development is microfinance, providing loans to some of the world's poorest people and playing a key role in generating a real private sector. In some countries, such as India and Bangladesh, the microfinance sector is already well established. The Grameen bank, which is the best-known example, having pioneered the sector in 1983, has since made loans to more than 8 million borrowers. In other countries, however, there is still a lot of work left to do.

My introduction to microfinance came in Rwanda in 2008. Like a number of my hon. Friends this afternoon, I have had the opportunity a couple of times to join my right hon. Friend the Secretary of State on two of the volunteering projects that he has organised in that country, to which my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood) referred earlier. In the short time spent on such a project, the contribution that one can make is tiny. However, although one's contribution may be modest, it is fair to say that what we learned could hardly be overstated.

One of the things that I learned about was microfinance. I had the opportunity while in Rwanda to pay a short visit to the country's largest microfinance institution, the Urwego Opportunity microfinance bank. We saw the two extremes of that organisation's operation. The first was the bank's flagship city branch, which looked a bit like a small branch of Barclays and was very high-tech, with all sorts of fingerprint identification technologies. The second example, at the other extreme, was what one might call the field operation—quite literally—in a market on the edge of the city, where no such technology would be available. Instead, gathered on a patch of ground were the 30 or so members—most, but not all of them, women—of a microfinance circle. The majority were sole traders in that market.

Microfinance there works in cycles of four months. People get the money at the start of the period and, so long as they pay it off at a rate of 3% a month, they can borrow again in the next four-month period. Critically, each member of the circle vouches for the others, and if someone defaults, the other members have to pick up the slack. The system is therefore largely self-policing, and before someone joins a circle, Mr Deputy Speaker, you can bet that the other members will ensure that their business is viable.

In that circle and that cycle, a lot of money changed hands. For example, 9.6 million Rwandan francs, which is almost £10,000, was brought to the circle by a female Urwego employee in a paper bag—it is quite astounding that there is not more theft on such occasions. The biggest borrower—a lady called Veronique—had borrowed almost £800, which, when we consider that this would be almost £2,500 over the three cycles in a year, is quite a lot of money. She uses that money to finance her bar and pay for the satellite television service, so that she can charge keen Rwandans to watch English premiership football teams—notably, I am pleased to say, the Arsenal—on her television set.

The sums of money involved in such projects are now such that one could say that they straddle microfinance and mainstream finance. Indeed, one needs credit at all levels to finance the development of such an economy. In rural areas of Rwanda, there are much smaller-scale operations, sometimes involving loans as small as just £1. Around the world, microfinance programmes have shown again and again that poor people can and do have a strong repayment record—in most cases over 95%. However, according to the World Bank, the industry is not even close to meeting the demand for its services. There could be up to 500 million poor people in the world for whom a small business loan would be a great opportunity, while two thirds of the world's population have no access to a bank account at all. The problem is particularly acute in sub-Saharan Africa.

The chance to witness microfinance in progress in Rwanda left a great impression on me. People talk about developing market economies, but there was a market economy developing before our eyes. I hope and trust that, in our programme of help for the poorest of the world, we will focus very much on those helping-hand programmes, which enable people to help themselves. I also hope that more airtime is given to those programmes, so that the British public can increasingly see aid as an investment in the future and in a rising rate of world growth, and not just as money spent.

4.50 pm

Mr Tobias Ellwood (Bournemouth East) (Con): I begin, like others, by paying tribute to three excellent maiden speeches. It was delightful to hear those speeches and I am sorry that the Members who delivered them are no longer in the Chamber to hear my speech. They are probably celebrating in the Tea Room, having got through the first milestone here in Parliament. I pay tribute to the hon. Member for Rochdale (Simon Danczuk), who spoke passionately and with great knowledge about his constituency; to my hon. Friend the Member for Stevenage (Stephen McPartland), who is clearly going to be a great contributor to the field of defence and, indeed, international development; and, last but not least, to my hon. Friend the Member for Wirral West (Esther McVey). Those of us slightly older in the tooth on the Government side—and that might include yourself, Mr Deputy Speaker—might recall her giving a passionate speech at the annual conference in Blackpool on the theme of "What is a girl like me doing in the Tory party?" That was a fantastic speech, and from her performance here again today, we can see why a girl like her is in this place. I am sure that she will represent her constituents well.

Before moving on to my main theme, I would like to respond to the hon. Member for Glasgow North (Ann McKechin), who made a passionate plea to keep funding based in the UK, which has been stopped by my right hon. Friend the Secretary of State. *[Interruption.]* Let me quote to that hon. Member—

Ann McKechin *rose—*

Mr Ellwood: Let me finish the point.

Ann McKechin: It was my hon. Friend the Member for Glasgow Central (Anas Sarwar) who said this, not me.

Mr Ellwood: I stand corrected; I mean the hon. Member for Glasgow Central (Anas Sarwar). What it says on the tin—I presume that this was true from when the Department for International Development was created—is that DFID is

"the part of the UK Government that manages Britain's aid to poor countries and works to get rid of extreme poverty."

That is not in line with what the hon. Gentleman was pleading for—for funding to remain in his constituency—so perhaps he wants to see the definition of DFID change. I will come back to the definition and its importance later in my speech.

What do we mean by poverty? It is not just about an individual, a community or a country being poor; it is about being economically challenged. Poverty is multidimensional. It is lack of food and water, yes, and it is a lack of shelter; it is also the lack of health and access to medical support. Poverty is also about the lack of education and the inability to read, not having a job, and fearing for the future, living one day at a time. In essence, poverty is about powerlessness, lack of representation and lack of freedom.

I am pleased that we are having this debate so early in this Parliament in order to discuss the issues and the role Britain can play in the future. It is an important debate. I—like many other Members, I am sure—was challenged during the election about why we were ring-fencing funding for international development when there was so much economic pressure on all the other Departments. I am glad that my right hon. Friend the Secretary of State spelled out the importance of keeping aid working and of making sure that we are able to support the countries that need it so that they can help themselves. Otherwise, immigration issues and environmental issues will grow, and the problem will become much bigger in the long term.

The causes of poverty can be broken down, crudely, into two areas—the natural and the man-made. On the natural side, there is the swell of population in places like India, or crop failure in places like Sudan or indeed disease and epidemics such as HIV/AIDS in places like South Africa and southern Africa. On the man-made front, equally affecting, we have things like corrupt leadership as we see in Somalia, or civil war as we see right across Africa and particularly in places like Angola. Then there is economic failure or even the deliberate denial of funding to poor communities for necessary projects.

Climate change can also be seen to be man-made as well. If sea levels continue to rise, places like Bangladesh would be hugely threatened. What is called water stress would be the result, and the lack of drinking water is estimated to affect 1 billion to 3 billion people. These are issues that we in the developed world need to debate, even though they may affect more people in the developing world.

The yardstick for our debates is now the millennium development goals, put forward in September 2000 by the United Nations with eight clear aims. The first is the eradication of extreme poverty and hunger. Unfortunately, we are a long way from achieving our 2015 target in that respect. The second is the achievement of universal primary education. The number of children receiving primary education has risen to 89% in the developing world, but we are still short of our millennium goal target. The third is the promotion of gender equality and the empowerment of women. That remains out of reach, as, indeed, do the reduction of child mortality and improvement in maternal health, which are the fourth and fifth goals.

The sixth goal is the combating of HIV and AIDS; the situation seems to have stabilised in many regions. The seventh is the ensuring of environmental stability, and the eighth is the development of a global partnership for development, which involves developing open trading and financial systems. My hon. Friend the Member for East Hampshire (Damian Hinds) spoke passionately about his attempts to establish and promote such systems in Rwanda.

Those are the eight themes that we will use as our benchmarks. When the countries meet for the summit in New York in September there will be much to discuss and much food for thought, given the huge shortfall between where we are now and where we would like to be by 2015.

What is our role in all this? What can the United Kingdom do to tackle the problems, either individually or with other countries, and how should we contribute? I believe that there are many ways in which the UK can make its mark. We often put our hand up when other countries do not, and it is fantastic that we continue to be willing to step forward and encourage other developed countries that may be reticent.

[Mr Ellwood]

As I said in an intervention on the shadow Secretary of State, the G8 and the G20 are new organisations that have been able to bring in many voices that may have been excluded in the past. They make decisions and agreements, and issue challenges. Older organisations such as the United Nations, the World Bank and the International Monetary Fund, which were created when life was very different during or just after the war, have to pick up the pieces and deal with the details of those challenges.

The older organisations are out of date, and are in dire need of modernisation. While we have renewed and are reinvigorating the methods with which we distribute aid to ensure that we receive value for money, I do not believe that the same can be said for those major organisations. That is why I am pleased that my right hon. Friend the Secretary of State has been hesitant about handing over money before he has guaranteed to ensure that it will be well spent.

Ann McKechin: Let me gently suggest to the hon. Gentleman that confusing Glasgow and Edinburgh is not a practice that he should try to repeat. However, he has made an interesting point about the current management of the World Bank and the IMF. Does he agree that we should try to ensure that donee nations have a much bigger say in management and decision making than they do at present?

Mr Ellwood: The purpose of the debate is to enable ideas such as that to be put into the pot. In this instance, we are not taking about minutiae, but about the need for a root-and-branch change in the way in which organisations both operate individually and interconnect. Afghanistan is a good example of the failure of huge organisations to co-ordinate their activities sensibly in order to assist with post-conflict reconstruction.

As long as conflict continues in developing areas, poverty will thrive. Only when it ends can peace flourish, which will allow support and investment to move in, and business and trade to flourish as well. That is our role. It is dual-faced. We can use what Joe Nye used to call soft and hard power, or soft and hard influence. On the soft side there are, for instance, the Fairtrade initiatives, and ensuring that we support businesses in developing countries in the knowledge that buying a product in the supermarket will genuinely help people in need rather than corrupt organisations. The setting of tariffs can also help, as can targeted investment and funding—which has already been mentioned—and choosing support responsibly.

Any of us who have travelled to African countries will have observed that China is taking full advantage of those countries' desire for hard currency, but I am afraid that it is doing so in an irresponsible way. The Chinese are not allowing local skills to be developed. They bus in their own people, rob the country of its minerals, drain it dry and then go home or move on to another area. That is happening on a huge scale, and no one seems to want to challenge it.

I will finish my contribution by discussing conflict and the relationship between DFID and other organisations. For 10 years, DFID has been waking up to the fact that it has had to do something very different from what it was set up to do. It does tackle poverty well, and it has been congratulated on that, but it has had to develop a new role in working in insecure and dangerous environments. I am pleased to say that the stabilisation unit and the other work being done are working well, but we took an awful long time to get there. For the first year in Afghanistan the budget was £47 million but the current budget is £5 billion a year. Had we bothered to get the reconstruction and development right when there was a small window of opportunity to win over the hearts and minds of the locals, we would have been out of Afghanistan by then. I am pleased that DFID has moved forward, I am glad that the new management have pledged to ensure that there is better scrutiny, and I wish the new team well.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Four Members are trying to catch my eye and half an hour is left before I call for the wind-ups, so if those Members could divide the time among themselves, everyone will get a fair crack of the whip.

5 pm

Pauline Latham (Mid Derbyshire) (Con): Sadly, I, like many other Members in the Chamber, have received letters and e-mails from constituents saying that we are going to be subjected to cuts in most departmental budgets, so we should also cut DFID's aid budget. I was pleased to hear the Secretary of State say that "charity begins at home, but it does not end there", because I will be able to go back to my constituents to tell them that we have a duty in this relatively wealthy country to help others.

I know that this will upset many of those correspondents, but I am very pleased to see that the Chancellor, the Prime Minister, and the Secretary of State and his team understand the importance of the budget for developing countries. I congratulate the Secretary of State on the start that he has made in changing the priorities in his Department because, as many Members have said, we need to ensure that money is well spent. There is a lot of corruption and we must ensure that the money goes to the people whom it needs to help and does not just go into the pockets of some politicians. That is why I am particularly keen to see measures put in place that stop that money going astray.

We do have poverty here in Britain, but the poverty in developing countries is very different and we can make a difference. Even in these difficult times, 0.7% of our gross national income is not a huge sum, but it might save some lives and help countries to escape from the worst life expectancy rates and early deaths from disease. Places such as Africa have to deal with many illnesses, such as HIV/AIDS and malaria. If we can help these places by providing the correct medicines at an affordable price and bed nets to save children from mosquito bites, which cause malaria, we will help with the population's education. Children cannot go to school if they are ill; if they do not get an education, they cannot get a job; and the cycle is perpetuated. Much of Africa does have primary education but many children never go to secondary schools. Even if they do, girls may have to miss one week in four because they have no sanitary protection and have to stay at home. That cannot be right in 2010.

Aid money must be spent well, because we need to reduce the difference in the life expectancy of people in developing countries and that of ourselves—that is crucial to the well-being of these countries. I was one of those people who went on Project Umubano with the Secretary of State, and we saw so many things that impressed us. It is not that the people in these countries are stupid or unable to study; they have fantastic minds, but they do not always have the opportunities.

I have organised my own aid project in a small way in Uganda, so I have seen at first hand what direct aid can do to help communities. Such aid could be for an education project—we constructed one school and helped another to finish the building that included a hall, now called Derby hall, having been named after my constituency—or it could provide a water butt to collect water because there is none on site and people have to walk half a mile to collect it. We started a women's co-operative using old British Singer hand-sewing machines to give AIDS widows the opportunity to learn to make school uniforms and to have an income, rather than live without money.

We are also helping farmers to start to become self-sufficient in growing crops. We give each farmer that has cleared 1 acre of ground 10 kilos of maize seeds to plant. At the end of the season, they give 10 kilos back, replant another 10 kilos for the next season and either sell or consume what is left. That is a highly sustainable way of getting farming off the ground. Those farmers should now be able to make money each season from their very fertile ground, which was previously underused because of a lack of leadership in the area. This year, we have given money to enable some farmers to start growing upland rice on the same principle.

That is just one of many thousands of private projects. The students I have taken out there and I have not changed poverty in Africa, but we have helped one small area of Uganda, and we hope to continue to do so. There are many thousands of projects in Britain helping countries throughout the developing world, and I suggest that we harness that tremendous enthusiasm and get them to work with us—rather like the big society idea and the fact that we are asking people out there what laws and regulations they want to see scrapped. Why not ask churches and schools that have their own projects, along with the many other volunteers, to tell us what has worked for them and whether any projects financed by outside aid have failed? That would give us a clearer insight into the matter. Big charities such as Oxfam do fantastic work, but they sometimes get carried away with what they are doing and do not see what is happening in small pockets of the country where the small groups of volunteers are working.

I should like my project to help in that way, by helping the coalition Government to come up with inventive ideas for helping people in Africa and elsewhere. We have the expertise out in Africa. My project in Uganda is in an area not far from Kampala—it is only two and a half hours' drive away—yet most of the people there had never seen a white person before we started going out to them. As with everything else that the coalition is trying to do, we need to ensure that there is value for money, and that every pound we spend in a developing country gets to where it can make the maximum difference to the real people, and not to corrupt politicians.

Rwanda's President has a fantastic vision of what he wants his country to be like, and it is possible to see the difference that he has made, year on year. It is a clean country that is improving its environment day by day. In fact, it is the cleanest African country I have ever been to. Much of Kigali has pavements, which few other poor countries would even think of having. That is because the President has a vision of what he wants his country to achieve.

Uganda has oil, but I fear that the people will not benefit from any revenue. Oil could put the country into a completely new ball game, providing money for decent housing, sanitation, education and better health care. We have a duty to persuade Presidents in this situation to use their country's natural resources to produce wealth to help everyone, not just themselves. I urge the Secretary of State to take this into account whenever he speaks to the leaders of such countries. Those Presidents should enable their countries to become self-sufficient through their own wealth, and give it to the people to spend rather than spending it on their own pet projects. That would create wealth-generating communities, and we would need to provide less aid, which in turn would enable us to help more people in other countries, rather than having to spread the aid too thinly.

5.8 pm

Jeremy Lefroy (Stafford) (Con): I congratulate those hon. Members who have made their maiden speeches today, including my hon. Friends the Members for Wirral West (Esther McVey) and for Stevenage (Stephen McPartland), and the hon. Member for Rochdale (Simon Danczuk).

Last year, my right hon. Friend the Member for Sutton Coldfield (Mr Mitchell), whom I welcome to his position as Secretary of State, wrote:

"In a globalised world, we are all bound together, our destinies linked."

I fully agree with that. He has made a compelling case for the importance of the UK's international development programme. That case is a moral case, and we have heard the reasons behind it, including the fact that 25,000 children die of preventable diseases every day. However, there is also a case to be made for our national interest, and I would go beyond saying that it lies simply in ensuring that people no longer wish to flee the conditions in their own countries to seek a better life elsewhere. That is part of it, but I would echo the words of Sir Terry Leahy this week. He said that

"we need to think more about how we can engage in the world as it is and will be."

He went on to say:

"I think it is a wonderful thing that already a billion, and potentially billions, are going to be taken out of poverty"

leading to

"an incredible business opportunity where Britain is well positioned."

I pay credit here to the work of the previous Government on international aid.

For much of my working life, I have worked in developing countries in business and I therefore declare an interest. I remember that in the late 1980s there was always a lot of tension between those involved in business and those involved in development. These days, it is very different. It is accepted that the best way to tackle poverty is through economic development and that the private sector will play the leading role in that. Indeed, the private sector has come a long way in recognising that it, too, has social responsibilities. It recognises that

[Jeremy Lefroy]

Government and development organisations are its partners. If there is no functioning health system, its staff and customers will suffer. If schools are inadequate, where will it recruit the staff that it needs? I have the good fortune of being married to a doctor who ran a health education programme for 11 years in Tanzania, and she always reminded me of the importance of that sector.

There are three areas in which aid has an important role to play in economic development. The first is agriculture, which has been so eloquently described by my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood). There was a tendency in some parts of the developing world to see agriculture, and in particular smallholder agriculture, as a business of the past, to be superseded by the brave new world of state-owned industry. Many of those factories have long ceased to function while the smallholders continue to earn their living from the land.

Agriculture is a business of the future, certainly in Britain, in my constituency and around the world. Any country, including ours, that ignores the potential of agriculture does so to its cost. The OECD's report on sustainable agriculture states that in 2005 to 2030, food demand is expected to increase by 50% across the world. That is a huge opportunity for farmers in developing countries. Agriculture, especially on small farms, is an excellent way to promote economic development. The International Fund for Agricultural Development has found that a healthy agricultural sector acts as a multiplier in local economies, spurring higher incomes and increasing access to markets. That is why I am delighted that the Secretary of State has highlighted agriculture as an essential building block of wealth creation.

The second area in which aid is important is small businesses, which have been mentioned. I might as well say "other small businesses", as smallholder farmers are business men and business women. In the UK, we recognise small and medium-sized enterprises as the engine of the economy, and it should be no different in developing countries. Employment and unemployment are critical, as the hon. Member for Glasgow North (Ann McKechin) said, yet anyone wishing to set up a business in many developing countries faces great problems: the cost of registration, tax authorities that often want taxes to be paid before the business has started trading, and, above all, lack of finance. That was mentioned by my hon. Friend the Member for East Hampshire (Damian Hinds), who talked about microfinance.

Of course, the growth of microfinance has been a great success story in the past 15 years, but there is a gap between microfinance and the level at which private risk capital will lend—typically, $50,000 or $100,000 and above. Banks do not fill the gap and they usually require security, which the entrepreneur cannot provide. I urge the Secretary of State to consider how the UK can work to overcome that financing gap. It is not straightforward, as I know from being involved over the past six years in helping to finance small businesses in Tanzania through a charity, but it can be done. Well-managed revolving equity or quasi-equity funds enable a pound of aid to be used several times over. The Secretary of State rightly emphasises the importance of the effectiveness of aid, and that is an opportunity.

The third area in which aid is important is infrastructure. It is of little use to produce crops only for them to rot in the field because they cannot reach the market. Transport costs in Africa have been estimated to be on average double those in Asia. Infrastructure projects in the past have been riddled with corruption and beset by special interests, but if countries come forward with serious business cases for not only building but maintaining the necessary infrastructure, we should look at them. As the Conservative party's Green Paper states

"we are convinced that effective support for infrastructure has a central role to play in boosting growth and development around the world, particularly in Africa."

I have spoken about agriculture and infrastructure, and to some this might seem a throwback to the early days of international development. People might point out that many countries have not yet thrown off the shackles of poverty, but it was precisely because agriculture was ignored for 20 years and infrastructure was built and not maintained that the benefits of that investment were often not realised. What is, perhaps, new is the appreciation at last that no country will develop economically without allowing its small businesses, including smallholder farmers, to flourish. Give them firm property rights, fair taxation, access to affordable finance that will not take the shirt off their back if things go wrong, and a good basic infrastructure, and they will create the jobs that are so desperately needed. They will also create the tax revenues that will pay for the health, education and other services on which they depend, as well as the stability without which no real development is possible.

5.15 pm

Mary Macleod (Brentford and Isleworth) (Con): I congratulate my hon. Friend the Member for Stevenage (Stephen McPartland) and the hon. Member for Rochdale (Simon Danczuk) on their excellent maiden speeches. I also congratulate my hon. Friend the Member for Wirral West (Esther McVey), whom I met at the beginning of her 10-year journey. I think I will remember her class P for ever.

There has been much talk since the emergency Budget about austerity and hardship, and it will be a tough few years for many as we deal with the excesses of the past and move our country back on to the road to recovery. As a developed nation with a Government who are committed to the principles of responsibility, freedom and fairness, we cannot turn our backs, even in these difficult times, on those in greater need than ourselves.

As we are talking about the ongoing challenges caused by global poverty, it will be useful to define poverty. The World Bank says that people who live on less than $1.25 a day in developing countries are living in poverty. That is the level of income deemed necessary to fulfil basic human needs in the developing world, where some 1.4 billion people have been living below that poverty line. We need to address that. The concept of poverty is brought to life more vividly by this World Bank description:

"Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom."

None of us can listen to that description without feeling a call to action and a need to do all we can to address the unfair balance that is suffered by people purely because of the lottery of where they were born.

Many people have talked about the eight millennium development goals, which represent the human and basic needs that every individual around the world should be able to enjoy, and my hon. Friend the Member for Bournemouth East (Mr Ellwood) has described those goals. The confirmation of the goals was a real step forward in international efforts to combat global poverty, but, as the Secretary of State said this morning, measurable outcomes of the goals are needed to make them effective.

It is fair to say that progress has been made, with some countries achieving many of the targets, but others are not on track to achieve any. Key successes include the significant progress towards eradicating poverty, the major progress on getting children into school, especially in sub-Saharan Africa, and the reduction in child deaths owing to HIV/AIDS, malaria and other infectious diseases. However, the report on the goals concedes that progress has been severely challenged, particularly given the global economic crisis of the past few years. Without a major push forward, many of those goals are likely to be missed. We need to address that.

There is considerable regional variation, with areas such as eastern Asia benefiting most from the continued economic growth in China and India. In contrast, sub-Saharan Africa suffered from low levels of economic growth and faced significant challenges to reaching targets. Even within countries, there are major differentials between rural and urban areas, which we must address. We have to get aid to where it is really needed.

There has been some criticism of the implementation of the G8-backed funds, which some believe have at times been hijacked to pay for natural disasters. Although worthy, that use of the money might not have a direct impact on the achievement of development goals. Others have criticised the distribution of funds, suggesting that elements of cronyism can be detected in the allocation of funds. Some feel that not enough has been done to tackle corruption in the countries receiving aid and to ensure that aid gets to the right places. However, despite increases in international development aid over the following years, in 2007 a total of $103.7 billion was committed, which represented only 0.28% of developed countries' GNP. We still have some way to go to achieve our goal, but I welcome the announcement made by the Prime Minister at this week's G8 summit in Canada. He confirmed the UK's commitment to 0.7% of GNP being spent on international aid, and said it was an

"opportunity to exercise leadership on behalf of the poorest."

I have been fortunate, in my time as an ambassador for ActionAid and as part of the Leaders' Quest programme, to have visited many countries that suffer extremes of poverty. They include China, India, Mozambique, South Africa, and I also visited Rwanda with the Secretary of State. Although seeing the difficulties that people face every day can be distressing, more often than not I have found it to be an uplifting experience and have been inspired by those who have so little.

Sometimes, not only money but connections make a difference. I found that with the school twinning exercise that I organised between Kayonza modern secondary school in Rwanda and Brentford school for girls in my constituency. Many of the people I have met have been full of hope and optimism for the future, just looking for a way to help themselves get out of the situation that they have found themselves in through no fault of their own. The famous Chinese proverb states:

"Give a man a fish and you will feed him for a day. Teach a man to fish and you will feed him for a lifetime."

In the same way, providing support for building skills and education is critical to creating the self-sustaining cycle that will break developing countries out of poverty.

As I said, it is not sufficient just to provide effective aid internationally. We also need to ensure that there are fair global policies in place to ensure access to finance and remove trade barriers so that developing countries are able to compete in the global marketplace. Alison Evans, the director of the Overseas Development Institute, put this succinctly when she said:

"Think aid, think smart aid but also think beyond aid."

It is critical that Governments from the developed world play their role in ensuring fair practices to support developing nations. I visited sugar plantation farmers in Mozambique who were desperate to be able to trade with us to create a strong, stable and sustainable economy for the long term in their country. They pleaded with us to remove EU tariff barriers so that they could achieve that.

In my constituency of Brentford and Isleworth is a company called Microloan Foundation. We have heard already from my hon. Friend the Member for East Hampshire (Damian Hinds) about the role that microfinance can play. What Microloan Foundation does is a real example of how we can provide loans to people in rural areas to enable them to set up their own self-sustaining businesses. Peter Ryan, the founder of Microloan Foundation, said:

"The challenge of building the operation from the 'ground up' has resulted in the creation of a social model which, coupled with strong business management, is beginning to yield exceptionally good results."

This week, the company launched its Pennies for Life campaign, and I encourage everyone to join it. People who sign up pay an extra 1p every time they buy something, and that money helps to support this microfinance initiative. This is a great success story.

Finally, I believe that, even in these difficult times, as a developed country we must do our utmost to maintain our commitment to eradicating the causes of global poverty. In so doing, we will all benefit from a safer and more secure world.

I applaud the UN's efforts to focus the hearts and minds of the developing nations on making progress towards reducing global poverty, and the role that the millennium development goals have played in that regard.

As we move forward, I believe that we need to focus on the best way to translate the MDGs into bottom-up, practical projects that achieve the shared objectives as well as value for money in terms of aid spent. I endorse what the Government are doing with their aim of transparency and their desire to address the causes of poverty.

We have an important role to play in reducing extreme poverty globally, and in creating a world that is more stable, more just and more secure.

5.23 pm

Robert Halfon (Harlow) (Con): Some sceptics say that charity begins at home and use that argument to resist spending on international aid. I agree that charity begins at home, but it depends how one defines the

[Robert Halfon]

word "home". There are geographic boundaries but there are also moral boundaries, and we are all neighbours. Just because someone lives thousands of miles away does not mean that the moral boundaries are any different. We should be building bridges, not walls. When aid is well spent, it is hugely in the national interest. I know that the Secretary of State is aware of that, as he came to my constituency before the election and met the paralympian Anne Wafula Strike, who does so much work with Africa. However, for aid to work we need three things—more bilateral aid, more know-how and more transparency.

I believe that aid must cut out the middle man. For example, why do we often give aid through the EU, for the EU to distribute? Why do we not give it directly? Why not give more aid directly to schools and other community institutions? The localism for which we yearn here is yearned for abroad as well. As the policy paper "One World Conservatism" states, when aid is well spent, it

"has worked miracles: eliminating smallpox, almost eradicating polio...helping get millions of children into school and saving millions of families from hunger and disease."

The best form of aid is sharing expertise and knowledge—know-how. Many of my hon. Friends spoke about Project Umubano in Rwanda, which I have been privileged to go on for two years to teach English. People are hungry not only for food and work but for knowledge. Voluntary Service Overseas does a huge amount to share concrete practical skills. The Westminster Foundation for Democracy, with which I worked a few years ago in Uganda and Tanzania through the Conservative party, shares knowledge with democratic parties abroad. All the evidence shows that greater democracy means less poverty. By democracy, I mean not just regular elections but the rule of law and property rights. Perhaps in future, as part of the sharing of expertise, businesses could sponsor aid apprentices through their social responsibility initiatives to build up technical capacity overseas.

On transparency, we need a much clearer idea of where our money is going. When Hillary Clinton pledged hundreds of millions of dollars in new aid to Palestine in 2009, she said that it must not benefit Hamas. Why? Because she knew that aid to the Palestinian Authority had ended up in the wrong hands in the past. That is just one of many examples from around the world, but it proves that transparency must be at the heart of what we do and what we demand from our partners.

That is why the revolution in open government is welcome. Taxpayers ought to be able to track overseas aid on the internet from the moment it is allocated to the moment the results are delivered. I also welcome the proposal in "One World Conservatism" for the £40 million "MyAid" fund, which would be controlled by taxpayers, because it would introduce popular competition among aid projects and increase democratic control.

Bilateral aid, know-how and transparency must be our watchwords in reducing global poverty. Now that we are united in our coalition, I should like to conclude by quoting a Liberal. Gladstone said:

"Nothing that is morally wrong can be politically right."

I agree. Helping our neighbours overseas is morally and politically right, and it will ensure that the British Isles continue to be a beacon of light and hope for the most vulnerable in our world.

5.27 pm

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I welcome this early opportunity to debate global poverty, but with the UN's poverty summit so close, this debate could and should have been on the Second Reading of Labour's 0.7% legislation. As I reviewed the speeches of the Secretary of State and the Minister in preparation for this debate, I saw many of the themes and examples that recent Ministers have used, so I certainly warmly welcome many of the concerns highlighted by the Secretary of State. However, recent events and the debate have revealed both the lack of action at a key moment by the coalition Government and a lack of strategy for the Department's future work. That should alarm hon. Members and those outside the House who see the declaration in 2000 that gave birth to the millennium development goals as a direct challenge to our generation to help the world's poorest.

We heard three excellent maiden speeches, the first of which was from the hon. Member for Wirral West (Esther McVey). The pupils of class P at Hayfield school can indeed be proud of their work in support of the 1GOAL campaign, and indeed for influencing their Member of Parliament to speak up on their behalf. She rightly raised the continuing plight of 72 million children who are still denied the opportunity of an education.

The hon. Member for Stevenage (Stephen McPartland) also made an excellent maiden speech. It takes a certain talent to work Led Zeppelin and Robbie Williams into a speech on global poverty, but he did so with some panache. He also raised the important issue of access to medicines and the need for continuing work on that.

My hon. Friend the Member for Rochdale (Simon Danczuk) made a particularly impressive maiden speech, deploying humour about one particular election moment to make a nevertheless important point about the views of many of his and, I suspect, all our constituents. As someone who has the honour to chair the Co-operative party outside this House, and having attended the Co-operative Congress in Plymouth only last weekend, I warmly welcomed my hon. Friend's reference to the contribution of the Rochdale pioneers to this country. In the context of this debate, I welcomed his reminder about the profound challenges facing the Palestinians, and his call for all of us to do more to help them was particularly timely.

We heard a strong speech from the hon. Member for Banff and Buchan (Dr Whiteford) who, having worked for Oxfam and helped organise the Gleneagles rally five years ago, has real authority on these issues. My hon. Friend the Member for Glasgow North (Ann McKechin) crucially reminded us of the importance of the decent work agenda and the continuing need to champion labour standards. Together with my hon. Friend the Member for Glasgow Central (Anas Sarwar), whose election to the International Development Committee I welcome, she raised the important need for progress on tax issues, which, as she rightly reminded us, Christian Aid does so much to champion so well.

My hon. Friend the Member for Wirral South (Alison McGovern) reminded us that we all need to continue to buy Fairtrade goods—a point also raised by the hon. Member for Bournemouth East (Mr Ellwood). She also referred to the need for democracy and a strong civil society as basic pre-requisites for development progress.

making a particularly acute point about the role of trade unions in civil society, which was heard, I noted, in absolute silence by Government Members.

My hon. Friend the Member for North Ayrshire and Arran (Katy Clark) and the hon. Member for Oxford West and Abingdon (Nicola Blackwood) made strong cases for continuing investment in developing countries. In the case of the hon. Member for Oxford West and Abingdon, her argument was spoilt only by two mild reproaches to my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander), which I suspect were designed more to please those on her Front Bench rather than made because she took them particularly seriously. I was tempted to put a membership form for the Labour party in the post to her, so good was her speech.

The Secretary of State highlighted the particular challenges of unsafe abortion. It would have been helpful if he had mentioned the last US Republican Administration, who bear a particularly heavy responsibility for the fact that more progress was not made more quickly in their eight years to provide proper facilities for women to have an abortion. The previous Government strongly supported investment in health care to tackle this issue directly and funded international bodies such as the United Nations Population Fund and the International Planned Parenthood Federation, which remain pivotal to further progress.

I also welcome the Secretary of State's interest in the broader issue of maternal mortality. We committed to scale up support for maternal and newborn health to help save the lives of 6 million mothers and babies by 2015; so if the right hon. Gentleman intends to continue our work in this area, I certainly welcome that commitment.

I worry about the growing number of aid sceptics in the Conservative party. The honest speech of the hon. Member for Orpington (Joseph Johnson) was an interesting example of that. I wonder whether that is the reason why the Secretary of State will not or cannot announce a timetable for introducing legislation to put the 0.7% contribution goal on our statute book yet.

The Secretary of State made important points about the case for development, which I welcome. There is a moral case for not standing by in countries such as Zimbabwe and Burma, where the Governments are failing to help their peoples, as well as for helping Governments in countries such as Zambia, Malawi and Ghana, who want to do the right thing by their people, to build up their economies, health systems and school systems.

The right hon. Gentleman also made the crucial point that there is a strong self-interest for Britain in championing the needs of developing countries, perhaps most acutely at the moment in Afghanistan and Pakistan, a point touched on by the hon. Member for Harlow (Robert Halfon) in the final Back-Bench speech of the debate.

What is now needed is action to back up those fine sentiments from the Secretary of State. The hon. Member for Banbury (Tony Baldry) and my hon. Friend the Member for Glasgow Central were right when they made it clear that other countries must meet their commitments on aid. It is for exactly that reason that the failure to fight at the G8 for meaningful language on the Gleneagles commitments is a deeply worrying sign of the extent to which the Government are really willing to champion the needs of the world's poorest. A supposedly new initiative on maternal health, with no extra money behind it, is frankly a dismal return from the Prime Minister's first international outing. Indeed, his failure to fight for the world's poorest does not augur well for any effort the new Government are intending to put in to make a success of the UN review of progress to meet the millennium development goals in September. If the Secretary of State cannot get his own leader, or even No. 10 staff, to press for the world's poorest at meetings of the richest nations in the world it suggests that his influence at the heart of Government is not particularly high. Coming so soon after the Gracious Speech, which talks not of legislation on the target of aid being 0.7% of GNI but of a mere parliamentary mention, challenging scrutiny of his performance is what the right hon. Gentleman must now expect from Opposition Members.

Tony Baldry: The hon. Gentleman and the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) have played on this point. The hon. Gentleman makes assertions about the Prime Minister not doing enough in Canada, but what is his evidence? I can only assume that he was not in the House for the Prime Minister's statement on Monday, when he made it very clear that he had stressed the importance of transparency and accountability, and of meeting the MDG targets. What my right hon. Friend said to the House bears no relation to the travesty of the facts being put forward by the Opposition today.

Mr Thomas: With all due respect to the hon. Gentleman, the fact that this G8 communiqué was the first in five years not to include any mention of the Gleneagles commitments and that organisations as significant as Oxfam—which he has praised in the past—damned the communiqué and the actions of the Government for failing to get such language included should be a gentle reminder to him of why we are concerned about the Government's performance.

Malcolm Bruce: I can understand the Labour party's desire to protect its record, but has not the problem been that we have had a commitment to the Gleneagles goals in every communiqué from every G8 in the last five years—and absolutely no delivery? Words are no use unless we get delivery.

Mr Thomas: I welcome the fact that the right hon. Gentleman has been elected to resume the chairmanship of the Select Committee. The notion that there was no delivery on the Gleneagles commitments in the last five years is simply wrong. I accept that there was not enough delivery, and the hon. Member for Banbury and others are right to say that some countries need to do more. The Secretary of State has yet to prove that his Department is as influential and as central as it was before 6 May.

Mr Andrew Mitchell: I am disappointed that the hon. Gentleman, of whom, as he knows, I am a great champion, should descend to this level. What matters about Gleneagles is that those solemn commitments, made, rightly, in front of the whole world community and its press, should be acted on. If, after the debate, he looks at the

[Mr Andrew Mitchell]

reports that have come out of the summit, reads the statement made by the Prime Minister and sees what organisations such as ActionAid said about the summit, he will see that our Prime Minister banged the drum for standing by those commitments and made it absolutely clear that Britain's commitment leads on this point.

Mr Thomas: I want to champion the right hon. Gentleman's career, too, and I suspect that he will need me to, so I say gently to him that the G8 was the international community's pivotal meeting before the UN's poverty summit, and not to refer to the Gleneagles commitments in the communiqué sends a powerful signal to the rest of the international community, which, I worry, will be a signal for them not to do what they should do at the UN poverty summit in September. It would be a terrible shame if the Department developed a reputation as the place where the Prime Minister sends not only those he does not want to sack yet, but those he does not want around. I hope that I am wrong, but I fear that the Secretary of State and the Minister are in danger of becoming Parliament's answer to Jedward: they are both political treasures, and there is plenty of sympathy for them and a strange fascination about what they will do next, but at one performance soon neither will be in their usual place.

As my right hon. Friend the shadow Secretary of State said, what is striking about the Secretary of State's speech today and, indeed, his speeches so far outside the House is the lack of any clear strategy for the Department. Under the previous Government, DFID sat at the heart of development thinking. It was sought out by Governments internationally, valued in Europe and respected by development bodies throughout the globe, from UNICEF, which the hon. Member for Castle Point (Rebecca Harris) mentioned, to the Grameen bank, which the hon. Member for East Hampshire (Damian Hinds) rightly praised.

Under this Government, the Department should be at the centre of development thinking, but it simply is not yet. It could champion reform of the World Bank, which, despite doing a lot of good, needs to evolve quickly, get its staff out of Washington and into the African countries that it is supposed to help, and continue the reform of its governance. However, there has been nothing from the right hon. Gentleman on that issue yet. Under him, DFID could champion reform of the UN development system in order to help all developing countries, including those with whom we do not have bilateral aid programmes. It could continue to demand a change to how the UN humanitarian system works—or, in the case of Haiti, did not work anything like well enough. The Department could demand that UN agencies work together better in developing countries, but we have heard nothing from the right hon. Gentleman on that topic, either. He could certainly lead the development community on highlighting the finance that is necessary to help developing countries deal with the impact of climate change, but there has been radio silence on that issue, too.

What signal does the right hon. Gentleman think the £10 million loan that he announced today to the Turks and Caicos Islands sends to his Back Benchers, who are desperate to see more impact made in developing countries to help the needs of the world's poorest? The lack of clarity about the Government's strategy for the UN's millennium summit was particularly striking in his speech, because he spoke more about what he will not fund and will not do than about what he will fund. In particular, he said very little about what he plans to do about the principal development event of the year. He wants an action plan to emerge from the summit, but what does he want to see in it, and how will he get it? What conversations has he had with the Deputy Prime Minister, who is due to represent us there, and what are the Prime Minister and the Deputy Prime Minister going to do to help secure the outcomes that the Secretary of State desires?

The Department is a great place in which to serve, and I join the right hon. Gentleman in praising the officials who serve there. The Ministers who serve there have a heavy responsibility to champion, challenge and mobilise for the world's poorest, but the striking thing about what the Government have said and done so far is, first, the lack of any clear strategy on what they will do next in order to help those poorest people, and, secondly, the failure in international meetings to do the heavy lifting that is required in order to keep development at the centre of global political attention. I hope that things will change, but I fear that they will not.

5.44 pm

The Minister of State, Department for International Development (Mr Alan Duncan): I start by being nice about the hon. Member for Harrow West (Mr Thomas), even though he does not seem to have been inclined to be nice about me this afternoon. I do, after all, sit at his former desk. I have lifted the chair a little so that I can see things, but it would be churlish not to acknowledge that, as my predecessor, he remained in post for almost seven years—a record in the Department, I think—and did a lot of good when he was there. Indeed, having heard the debate this afternoon, such is my affection for him that, should he so wish, I am very happy to endorse his application to become Governor of the Pitcairn Islands.

It has been a genuine pleasure to listen to this debate. It is evident from the quality of the contributions and the passion with which they have been delivered that global poverty is a topic about which Members on both sides of the House care very deeply. I should like to thank them for their observations, and I will turn to their contributions in a moment.

In opening the debate, the Secretary of State made it clear that we cannot allow current economic pressures to deflect us from our goal of helping the world's poorest people. We will not turn away and abandon those whose need is so great. True leadership is forged in the heat of adversity, and this Government will not be found wanting. However, neither will we be prepared to squander the hard-earned money of British taxpayers.

My right hon. Friend spoke of the radically new approach that this Government will take to international development—an approach that has accountability and transparency at its core. These are not empty words. It is these principles that will allow us to demonstrate to the British public that their money is being put to good use: that it is saving lives, creating futures and, ultimately, securing a more prosperous and peaceful world for us

all. Combating poverty is not only morally right: it is, as the Secretary of State has said, very much in our national interest. Abroad and at home, development is the right thing to do.

Last weekend, the Prime Minister took to the global stage to reaffirm Britain's commitment to meeting the internationally agreed goal of 0.7% of GNI to be spent on aid from 2013. We all know that some G8 members have not kept to the promises they made five years ago at Gleneagles, and that is utterly shameful. However, those who say that we should cut our aid budget are asking us to break our word; we are not prepared to do that, and nor would we ever wish to. Two wrongs do not make a right. Since when has someone else's weakness been a good reason for us to surrender our belief in a fairer, safer and more secure world? We will do our bit, and we will continue to hold others to account at each and every opportunity.

Britain is in the lead on international development. Indeed, developed countries are looking to us for inspiration as much as developing ones are looking to us for help. We are the first country to say that we will enshrine the 0.7% contribution in legislation; and unlike America, for example, our aid is not tied to commercial interests. We have a dedicated Whitehall Department whose Secretary of State has a seat in Cabinet, and now, too, a seat in the National Security Council. This Department has a voice, and this Department is being heard. Put simply, Britain can be proud that it is the standard-setter and principal leader in a world in which charity confined to home would be an abrogation of our wider responsibilities. As many hon. Members have said, charity may start here, but it must not end here.

Despite all this, we must be frank and honest: there are some who, through the pages of the press or elsewhere, still question the validity of spending taxpayers' money on international development. They speak of money given in good faith but diverted into the hands of tyrants or used to prop up corrupt regimes. The natural corollary seems to be that we should therefore give up and go away, at whatever human cost that might entail. I, and we, and I think Members on both sides of this House, profoundly disagree.

As the Secretary of State has said, the answer lies in greater rigour, more transparency, and full accountability. It lies in the new UK aid transparency guarantee that will help us to track money far more accurately. It lies in our conviction that internal evaluation is not enough and that we must set up an independent body to scrutinise where and how we are spending taxpayers' money. The answer, in short, lies not in passive defeatism but in active resolve.

I wish to acknowledge all the speakers who have contributed to the debate. The first after the Front Benchers was my right hon. Friend the Member for Gordon (Malcolm Bruce), who said that it was good that we were trying to measure results but pointed out how difficult it is to measure everything easily and consistently. No doubt the Select Committee that he chairs will look into exactly that type of issue in the months ahead.

The hon. Member for York Central (Hugh Bayley) made a strong plea for us to engage fully in negotiations on the structure of IDA16. We will do that, and indeed we are doing that. My hon. Friend the Member for Wirral West (Esther McVey) made a charming, thoughtful and generous-spirited maiden speech, and I think it is fair to say that it was listened to admiringly by all of us in the Chamber and also, I noted, by the noble Lord Hunt, her Conservative predecessor.

The hon. Member for Glasgow North (Ann McKechin) rightly wants aid to be so successful that it does not need to be permanent. We wholly agree. That, in a nutshell, is exactly what the "development" bit of international development is all about. We look forward to the continued wisdom and consistent expertise of my hon. Friend the Member for Banbury (Tony Baldry), and the House, and particularly we on this side, appreciated the consensual tone of the contribution of the hon. Member for Banff and Buchan (Dr Whiteford).

My hon. Friend the Member for Stevenage (Stephen McPartland) made his maiden speech. It took me a little time to tune into his Stevenage accent, and I hope he will let me know when Robbie Williams is next playing locally. His thoughtful comments on international development were much noted, and I hope that his interest in the issue will continue. Likewise, the hon. Member for Rochdale (Simon Danczuk), in his maiden speech, made a passionate defence of the interests of beleaguered Palestinians, an issue that will figure in both our foreign and defence policy. I am sure that he will make many such comments on the topic in future. I enjoyed his warm account of his own meeting with Gillian Duffy as well—someone I would quite like to have met, I have to say.

My hon. Friend the Member for Warwick and Leamington (Chris White) said that we need to tackle Beveridge's five evils globally. The hon. Member for Glasgow Central (Anas Sarwar) made a very good speech, and I look forward to his contribution to the International Development Committee. Many other Members spoke, and I fear that I will not quite have the time to go through their contributions, but I think I have covered all the maiden speeches. I hope the House will forgive me if I do not mention everyone who has spoken. I certainly urge everyone who has contributed to continue to participate in our debates and oral questions, and to form a cadre of informed opinion in the House that will continue to raise international development to the position that it deserves in our deliberations.

Jane Ellison (Battersea) (Con): Many of the speeches this afternoon rightly referred to the human rights of women and girls around the world. Will my right hon. Friend make a brief comment on the extent to which the human rights of gay people are under threat in some parts of the developing world with which we have significant ongoing relationships? I am wary of any sense of using aid as a political weapon, but I hope that the influence of the Department can be brought to bear as appropriate.

Mr Duncan: As my hon. Friend will appreciate, I have a particular interest in that issue, and I follow it and feel for it closely. I see the hon. Member for Rhondda (Chris Bryant) in his place, and he is also a champion of the issue at home and abroad. We do not want to use aid as a weapon, but we will always be very forthright in defending people's rights. The whole issue of gay equality is moving from a domestic argument to a global one, and that is where our passions should now more sensibly rest.

[Mr Duncan]

I have mentioned the good speeches that we have heard today, but sadly I have to say, and I think the House feels, that the tone set by the shadow Secretary of State lived down to our expectations rather than up to them. It added to our deliberations a nasty and divisive flavour that simply does not need to exist on this topic. The right hon. Gentleman has experience, which we value. Might he not have had the inclination to share that experience and appreciate that his reputation and the House would both benefit from learning from it? We would much rather do that than watch him hop around looking for a scrap in the playground. Also, for him to use his former position to say that he knows the name of the particular official who worked on the speech for his successor as Secretary of State is nothing short of contemptible.

The right hon. Gentleman seemed to blame half the world's poverty on a strange historic conspiracy between General Kitchener and the Conservative party. If he wants to know the real feeling of the modern Conservative party on this issue, he need only look at the number of people on the Benches behind me today to realise what they feel. He accused us of being ideological, but I can assure him that we are wholly non-ideological. To us, what matters is what works. On user fees, for instance—which he mentioned—we want to get children into school, and in many cases we are paying for those user fees out of our budget. He laboured the point about 0.7% this afternoon—talk about giving a dog a bone—as if there were a great issue about a departure from the clear policy on which we stood at the election. We are committed to enshrining 0.7% in law from 2013. As he well knows, we are considering how to proceed, not whether to proceed, as he implied. He will just have to wait for an announcement at the appropriate time.

Additional climate finance, as the previous Government made clear, will come from the existing aid budget. On the question of how the G20 working group on development will be held to account—something that he knows all about as a former Secretary of State—it will report to leaders through their sherpas. On the forthcoming millennium development goals summit, the UK ambition is to agree on an ambitious action agenda for attaining the MDGs. The shadow Secretary of State absurdly asked for our post-2013 spending plans. But so badly did his party mess up the public finances that he could not even, when he was Secretary of State, give us his own figures for next year.[1]

I have acknowledged the insightful contributions that we have heard from Members today, but I now wish to acknowledge the influence and record of my right hon. Friend the Secretary of State. His passion for international development is known to all in this Chamber and none can doubt his genuine commitment and considerable expertise. Indeed, rarely has a Member of Cabinet shadowed their portfolio for the length of time—nearly five years—that he has done. Only yesterday, Jon Snow said:

> "Andrew Mitchell is unquestionably the best prepared Secretary of State—nobody has waited longer in the wings and everyone in the sector knows of his commitment to the sector".

It is telling that within a few short weeks my right hon. Friend has already set in train a number of initiatives that will allow us to bring about a fundamental re-think of the way we give aid. He has, for example, launched two critical reviews—a bilateral review that will look at how we spend money directly with specific countries, and a multilateral review that will follow the money that we are channelling through other bodies such as the EU, the World Bank or the UN. Meanwhile, the full scale value-for-money review that he has commissioned is already yielding savings that can be directed back to the front line.

In today's economic climate, we need—more than ever—to be able to show the British taxpayers that their money is going where it can do most good, and that when it gets there, every single penny of it is put to the best possible use. Our focus will be at the sharp end, where it matters—on results not process. It will no longer be the number on the aid cheque that matters, but the number of people it helps. As my right hon. Friend said, our thinking and action will not stop there. We will look ahead to the millennium development goals summit and we will push everything that we can to focus on poverty.

Britain can be proud of its position on international development. We can hold our heads high and I hope that Members on both sides of the House will join us in the fight and the cause ahead.

Question put and agreed to.

Resolved.

That this House has considered the matter of global poverty.

1 *[Official Report, 6 July 2010, Vol. 513, c. 1MC.]*

Act of Settlement

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

6 pm

Chris Bryant (Rhondda) (Lab): We move from a matter of modern, enormous significance to one of historic significance. None the less, it matters to today's society, particularly, I would suggest, to many Roman Catholics in this country, as well as to people of other faiths. I am talking about the Act of Settlement, which makes a series of provisions. I will not deal with them all, because some have been dealt with in previous legislation. I shall instead focus on those that state, first, that the throne was to pass to the Electress Sophia of Hanover and her Protestant successors; secondly, that the monarch

"shall join in communion with the Church of England";

thirdly, that anyone who is married to a Catholic should be barred from the line of succession; and fourthly, that the monarch should make a series of oaths and declarations when they accede to the throne or are crowned.

The provisions of the Act of Settlement built on the Bill of Rights of 1688, particularly where it reads that

"whereas it hath beene found by experience that it is inconsistent with the safety and welfaire of this protestant kingdome to be governed by a popish prince or by any King or Queene marrying a papist the said lords spirituall and temporall and commons doe further pray that it may be enacted that all and every person and persons that is are or shall be reconciled to or shall hold communion with the see or church of Rome or shall professe the popish religion or shall marry a papist shall be excluded and be for ever uncapeable to inherit possesse or enjoy the crowne and government of this realme".

In addition, the Coronation Oath Act 1688 provided that the new monarch would have to take an oath upon their coronation that they would

"maintaine the Lawes of God the true profession of the Gospell and the Protestant reformed religion established by law...and...preserve unto the bishops and clergy of this realm and to the churches committed to their charge all such rights and privileges as by law do or shall appertain unto them or any of them."

One further provision springs from common law and means that the succession in the United Kingdom falls to a male, rather than a female, which is known as male preference primogeniture—another element that many people now would think to be rather outdated.

Subsequent Acts have amended elements of the Act of Settlement. The Scottish and English Acts of Union in 1707 ensured that there would be no alteration to the Presbyterian Church of Scotland, that the new monarch, when monarch of both kingdoms, would ratify the confession of faith, and that a new oath would be undertaken by the monarch in relation to the Church of Scotland stating that the monarch

"shall inviolably maintain and preserve the foresaid settlement of the True Protestant Religion"—

I note that "True Protestant Religion" always comes with a capital T, capital P and capital R—

"with the Government Worship Discipline Right and Privileges of this Church as above established by the Laws of this Kingdom."

Subsequent reforms also included the Royal Marriages Act 1772, which provided that the monarch could determine who any member of the royal family or anybody in the line of succession could marry. Today, still, the Lord Chancellor has to issue certificates for anyone in the line of succession stating whether they have married a Catholic or someone who has now renounced their Catholic faith. Not the most recent—there was an instance last June when the Lord Chancellor had to do this—but the better known recent case is probably that from 9 April 2008, when the marriage of Peter Phillips and Autumn Kelly had to be signed off by the Lord Chancellor.

In 1801, when the Parliaments of Ireland, England and Scotland were joined together, there was further reform of the Act of Settlement, which meant that the Irish agreed to the provisions in the Act. Later, the Accession Declaration Act 1910 specified that on accession, the monarch would have to declare:

"I am a faithful Protestant"—

capital P again—

"and that I will, according to the true intent of the enactments which secure the Protestant succession to the Throne of my Realm, uphold and maintain the said enactments to the best of my powers according to law."

The Statute of Westminster 1931 further determined that if there were to be any changes to those or many other provisions, they ought to be consulted on around the Commonwealth so that, on a particular day, one could not have a different monarch for Australia from the monarch for Canada and the United Kingdom. However, it is worth pointing out that, because we had to perform another piece of legal jiggery-pokery over the abdication of Edward VIII, there was one day when Ireland had a different monarch from the United Kingdom.

There was one further, tiny, Church of England measure that affected the position, which was the Admission to Holy Communion Measure 1972. That meant that any person in good standing with their Church—in other words, not necessarily a member of the Church of England—was able to receive communion in the Church of England. In theory, that could mean that a monarch who was not an Anglican—or, for that matter, a Presbyterian member of the Church of Scotland—but was, for instance, a Methodist, would be able to enter into communion with the Church of England without being a member.

All those different provisions have meant that, in sum and in total, there is a complete bar on any Catholic—and probably also any member of various other religions—sitting in the line of succession or becoming the monarch of the United Kingdom of Great Britain and Northern Ireland, and, by extension therefore, of her further territories and the Commonwealth. I believe that this is now wholly inappropriate. The legislation that was written in 1688 and 1701 was, in one sense, deliberately offensive to those whom it termed "papists" or "followers of the popish religion", because it was believed to be against the secure interests of the people of this land. Notwithstanding the fact that anti-Catholicism is, unfortunately, still a vibrant part of many sections of the British media and British society, I do not believe that there are many in this country who believe, in all honesty, that the Roman Catholic faith undermines our national security.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I pay tribute to my hon. Friend for raising something that is not only offensive to Roman Catholics and people of many other faiths, but offensive to anyone who wants equality under the law in our constitution in all respects. He will know that one of the arguments

[Mark Lazarowicz]

made against taking any such measure forward with urgency is that it would require agreement among all the countries of which the monarch is the Head of State. If by some chance we were to amend the legislation here in the UK, but Tuvalu, Belize, or St Vincent and the Grenadines, for example, inspired by some form of anti-Catholicism, did not change their constitutions, so that we ended up with a different monarch in the UK from those countries, would that really be a particularly worrying matter?

Chris Bryant: I do not think that it would be, but I happen to know that some of those discussions have already happened with many parts of the Commonwealth, and I do not see any reason why we would not be able to proceed fairly swiftly. It is worth pointing out that, for the abdication of Edward VIII, we had to ensure that the rest of the countries to which my hon. Friend referred also subscribed to the change of monarch, so that not only Edward VIII, but any of his children or successors would also be barred from the succession. I therefore do not think that the issue that my hon. Friend has raised is too much of a problem, although I will come to some of the problems that I think the Minister might raise a little later.

The other point is that it is not just Catholics, but Muslims, Jews, Unitarians and Quakers who are all barred from being the monarch, either by virtue of the fact that the law expressly says that they have to be in communion with the Church of England or by virtue of the fact that they have to make a series of oaths that they would not be able to make. In addition, we have this ludicrous process of certification by the Lord Chancellor of those in line to the throne. The state in this country should not be deciding who can marry; the Crown should not be deciding which distant relative is able to marry or whom they can marry. That should surely be something of the past; indeed, it was much criticised in 1772 as well.

We also have a series of oaths, including a Protestant declaration, an oath in defence of the Church of England and an oath in defence of the Church of Scotland, which are made at different times—either in a Privy Council meeting, at the coronation service or at the first meeting of Parliament—but this is all hideously anachronistic now. We have protection for the Churches of Scotland and England but, to be honest, I think that the Churches of Scotland and England can defend themselves. There was a time, in the 13th century and the early 14th century, when the lower clergy, as well as the prelates, of the Church of England were invited into Parliament, but that has long gone. I hope that in the near future we will see the end of the prelates in Parliament, but it is surely time to give the Church of England and the Church of Scotland their own protection without any special pleading.

It is also wholly wrong to have a male preference in the line of succession. Now is the time to change this, before the young princes have children—just in case they were to have a daughter before they had a son, whereupon there would suddenly be a constitutional crisis. In other countries that have changed the law, they have sometimes had to do so when they are already effectively changing the next in line to the throne. I think that it would be better to do it now.

What would I like to see, then? First of all, we should remove all objectionable references to Catholicism from our constitutional settlement. That means significant repeal of large elements of the Act of Settlement 1701. Before anybody says, "But the Act of Settlement is quintessential to our national identity; this will be undoing and rubbing out parts of our history," it is worth noting that we have already rubbed out large parts of that history. One element of the Act of Settlement states that the monarch should never be allowed to travel abroad without permission of the House of Commons. That was repealed many years—indeed, several centuries—ago, and rightly so. We need to make sure that our constitution is silent—absolutely silent—on this matter, so that there is equality for all.

Secondly, I believe that we should have a new single accession and coronation oath. This oath should be determined by this House—not by the heir to the throne; not by the monarch when he or she decides to come to the throne; and not by the Archbishop of Canterbury in consultation with anybody. It should be determined by this House, as has been our history and our tradition. I think the oath should be made between the monarch and Parliament, all sitting together, having been previously determined by us.

Thirdly, we need to remove all references to marriage. We need to repeal the Royal Marriages Act 1772. We need to make sure that any member of the royal family or anyone in distant line to the throne—it is remarkable, looking down the list, who is still caught by this provision—is free to marry precisely as they want to. We should establish in our constitutional settlement absolute, straightforward equality between men and women.

I was contacted by *Hansard* and asked whether I could provide a copy of my speech. I pointed out that it was unusual for Members to read out their speeches—indeed, it is proscribed—but *Hansard* said, "Well, it is absolutely certain that the Minister will read out his speech, so he is likely to send it to us beforehand." I hope he has not, as I want him to respond to the things I have said. I suspect, however, that one thing he might say is, "Yes, but this is awfully complicated, as there are so many bits of legislation." I hope he will not do this, but he might go through all the legislation with which I have already bored the House. I hope he is not suddenly going to say, "Aha, the hon. Member has left out Princess Sophia's Precedence Act 1711." I can see from the Minister looking through his notes that he was toying with mentioning that Act.

To be honest, when I have heard Labour Ministers advancing from the Government Benches the argument that it is all too difficult, I have said, "Poppycock. Absolute tosh. Posh tosh maybe, but absolute tosh." I know that the Minister is a stout, worthy, independently minded person, who is determined to see reform in many things. He is bringing forward, I hope, many pieces of legislation that we will be able to support. I hope he is not going to advocate delaying "because it is so awfully difficult in the Commonwealth" or say that we do not want to open up this Pandora's box. If he is thinking of invoking Pandora's box—it has been written into many Ministers' speeches in the past—let me point out that at the bottom of that box is one important thing: hope.

I very much hope that the Minister is going to open Pandora's box so that we can move forward. There are many people—not just Catholic prelates, not just Catholic

priests, not just Catholics—who find it deeply offensive that we retain a piece of legislation that we could change, which would bring in full equality. I hope that this Minister will be like Alexander and cut through the Gordian knot. It will be a simple piece of legislation. Many others have brought forward legislation before and Labour Ministers have found ludicrous reasons for saying no to them in the past. I hope that this Minister is not going to be like that, and I hope that we shall be able to say of him, as the Archbishop of Canterbury said of Henry V in Shakespeare's play "Henry V",

> "Turn him to any cause of policy,
> The Gordian knot of it he will unloose,
> Familiar as his garter".

6.15 pm

The Parliamentary Secretary, Cabinet Office (Mr Mark Harper): The hon. Member for Rhondda (Chris Bryant) tests us with flattery, hoping that it will get him somewhere, but I fear that he may be disappointed.

I congratulate the hon. Gentleman on his choice of subject. The House will know that it is a subject in which he has been interested for some time. Indeed, in 2008 he presented the last Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), with his plans for reforming the constitution. I presume that they were broadly in line with what he has just proposed. He nods in assent. I understand from a report in *The Guardian* at the time that his plans were given to the last Prime Minister's new adviser on the constitution, but not much seems to have happened to them in the following two years.

Chris Bryant: Apart from their getting into our manifesto.

Mr Harper: They may have got into the Labour manifesto. Many things may have got into the Labour manifesto. I fear, however, that the hon. Gentleman might have been disappointed even if Labour had been successful in the election.

As the hon. Gentleman said, many Members of both Houses have sought debate on this issue, and it is important for us to discuss it. However—I know that this will disappoint the hon. Gentleman—it is complicated. He himself listed a significant number of pieces of legislation that would have to be considered, amended or possibly repealed: the Bill of Rights 1689, the Coronation Oath Act 1688, the Act of Settlement 1701, the Royal Marriages Act 1772, the Union with Ireland Act 1800, and the Regency Act 1706. This is not a straightforward matter, and I do not think that pretending it is straightforward or simple does any of us a service.

The hon. Gentleman is right to say that the Government—indeed, my right hon. Friend the Deputy Prime Minister and I—will be introducing a number of pieces of legislation that are mentioned in the coalition Government's programme for government. We will introduce legislation on a referendum on the alternative vote, on reviewing the boundaries, on fixed-term Parliaments, and indeed on reform of the House of Lords, which may deal with the issue that the hon. Gentleman raised about the position of bishops in the other place. He can be confident that we have the appetite for reform, but I think that this particular matter involves a number of complicated issues.

Chris Bryant: As I said, posh tosh. The Minister is going to cite arguments that the civil servants around the corner will have prepared for him about how awfully difficult this is and how many pieces of legislation are involved, but if he is going to reform the House of Lords he is going to have to start with Magna Carta, and that is going considerably further back than the Act of Settlement.

Mr Harper: I said that merely to illustrate that this is a Government who are happy to carry out reform when it is necessary.

Clearly we would not legislate today to give men precedence over women in the line of succession, and I do not think that we would concern ourselves today with the religion of the monarch's spouse or treat differently members of a particular religion. However, it is one thing to say that we would not legislate in that way today, and quite another to say that there are no obstacles to change. We need to think through the changes and their consequences before making them.

As the hon. Gentleman knows, the Act of Settlement is part of a political and constitutional settlement with strong historical roots. It does not, of course, prevent those in the line of succession from marrying Roman Catholics; it merely means that if they do so, they will lose their spot in the line of succession. It raises complex issues about the relationship between Church and state. There are many who, like the hon. Gentleman, do not think that the Church of England should be the established Church—

Chris Bryant *indicated dissent.*

Mr Harper: That was the implication of what the hon. Gentleman said when he talked of allowing the Church of England to rush off by itself. In any event, the Act raises issues connected with the establishment of the Church, and it does us no service to pretend that it is not so.

The issue of primogeniture, particularly male preference primogeniture, has been raised from time to time, as has the hon. Gentleman's point about giving female descendants of the sovereign the same rights as their male siblings. The title to the Crown, however, derives not just from statute but from common rules of descent. Succession to the throne in this country is based on a form of primogeniture which favours sons over daughters, but favours daughters of a sovereign over the siblings of that sovereign, so an older sister would lose her place to a younger brother but not to an uncle. Again, changing that arrangement would be a major constitutional measure. The hon. Gentleman pointed out one thing that is important to note, which is that currently the first three members of the royal family in line to the throne are all male and so we have some time until there may be a pressing issue to address.

The hon. Gentleman highlighted an issue that is complicated and I do not think it is right to sweep it away, pretending it is not. I am talking about the fact that this is not just an issue for the United Kingdom, because Her Majesty the Queen is sovereign of a further 15 independent nations and they have a right, with us, to decide on the line of succession. I do not suggest that they would necessarily have any problems with removing outdated provisions, but it is not the substance of the issue that is the problem; the problem is how we go

[Mr Harper]

about doing that. Because of the nature of our Parliament, this House and the other place can change the most fundamental of our constitutional provisions by a simple Act of Parliament, so the Act of Settlement could indeed be amended in this House, as could any of the other Acts that he mentions. That is true of some of the other countries of which Her Majesty is Queen, but it is not true of all of them. For some that have a federal constitution, such as Australia and Canada, amending those rules is a more complicated process, involving the states in those countries; it is not as straightforward as it is here.

The relationship between the Crown of the United Kingdom and the Crown of the other realms is complicated. The hon. Gentleman mentioned the one occasion when it has been tested, which was the abdication of Edward VIII. In those days, there were only six realms involved—Australia, Canada, New Zealand, South Africa, Newfoundland and Eire. Only three still survive as realms, although there are now a further 12, which were mentioned by the hon. Member for Edinburgh North and Leith (Mark Lazarowicz), who is no longer in his place. Even then, when the concept of the "imperial crown" and the "imperial Parliament" was much stronger, there were, as the hon. Member for Rhondda highlighted, a number of different views about the extent to which the United Kingdom could legislate on their behalf and the extent to which if we changed the line of succession to our throne, that would automatically feed into their arrangements. So if we were to go ahead and legislate in the UK alone, we would either be presenting the other realms with no choice in their own Head of State or we would cause a divergence in the line of succession.

The hon. Gentleman alluded to the fact that discussions have started with those Commonwealth countries and are continuing, but they should involve careful consideration of how we would implement change, the consequences and the timing. I do not think that those matters should be unduly rushed. Dealing with our non-codified constitution is complicated without having unexpected consequences. The Act of Settlement is part of the backbone of our constitution, and tinkering with it lightly without thinking through all the changes would have unforeseen consequences.

Chris Bryant: I sort of sympathise with the Minister because he has officials who want to make life difficult for him about this. But the truth about timing is that if Prince William were to have a daughter first and then a son, in realms other than this, where people wanted to assert that they thought it was unfair to have an unequal system that disfranchised or shoved the daughter further down the list, there would be a constitutional crisis. That is why it is timely to do this now, while there is not a problem.

Mr Harper: I thank the hon. Gentleman for that point, but that is why I thought it was important to highlight the fact that discussions are under way with other Commonwealth countries. It is not that the Government are in favour of no change; we are simply considering change carefully and thoughtfully.

The hon. Gentleman mentions timing, so it is worth picking up on the issue relating to the exclusion of Roman Catholics from the throne. We should examine the view of the Church on this, although I appreciate that there are divergent opinions. The previous Cardinal Archbishop of Westminster, Cormac Murphy-O'Connor, said that he thought that the Act of Settlement was "discriminatory. I think it will disappear, but I don't want to cause a great fuss".

The current Archbishop of Westminster has said:

"I wouldn't rush to support such a change in the law. I think that the position of the Queen and the monarchy is to be handled with great sensitivity".

Chris Bryant: However, Catholic cardinals in Scotland have asserted very forcefully that they believe the law is entirely discriminatory and should be changed, and many prelates in the Church of England have also said it should be changed. I think I am right in saying that the General Synod of the Church of England also believes that it should be changed.

Mr Harper: The hon. Gentleman is right to highlight that point. Cardinal O'Brien in Scotland, for example, is much firmer about wanting to move quickly on this. However, this merely highlights the complexity of the debate. There is not even a single clear view within the Catholic Church in these islands. Some very significant Catholics think that the law should be changed, but should not be rushed or done in a way that causes the monarchy difficulty.

Chris Bryant: But there is not a single Catholic in the land who does not think that the law should be changed.

Mr Harper: I cannot possibly know the views of every single person in the United Kingdom, and neither can the hon. Gentleman.

As I have said, the Government are not saying that there should be no change. We are simply saying that, if we are to undertake change, we need to do it in a careful—and thoughtful way. We are not saying that the parts of the Act of Settlement that we are discussing should never be changed. We do not rule out change. We simply argue that, if there is to be a change, it should be thoughtful, and undertaken carefully and with due consideration for our obligations to the other Commonwealth realms of which Her Majesty is Queen. We should also have consideration for the consequences not only for the Crown and the succession but for the position of the established Church in this country.

To give the hon. Gentleman hope, let me assure him that we have not ruled out change, but it would need to be done carefully and thoughtfully. If done in that way, it is much more likely to endure and not have unforeseen consequences. I shall leave him with that positive message, although I am sure that he will go away disappointed. I will also leave him with the thought that, although I will give the *Hansard* reporters a copy of my speech, I have waited until after the debate to do so, rather than giving it to them in advance, as he suggested. He was probably expecting the comments that I have uttered tonight. I fear that he will have to be disappointed in the pace of reform in this area, but when we bring to the House the measures on other areas of constitutional reform that were in our manifesto, I shall look forward to his wholehearted support for them.

Question put and agreed to.

6.27 pm

House adjourned.

Westminster Hall

Tuesday 22 June 2010

[MR GRAHAM BRADY *in the Chair*]

Nuclear Energy

Motion made, and Question proposed, That the sitting be now adjourned.—*(Bill Wiggin.)*

9.30 am

John Robertson (Glasgow North West) (Lab): Thank you, Mr Brady, for this opportunity to seek assurances from the new coalition Government on their energy policy. I have considerable concerns, which are well founded and based on the track record and previous rhetoric of the Ministers now responsible for delivering a comprehensive, balanced energy policy that will provide security of supply and reduce our CO_2 emissions. Internationally, there are tremendous concerns regarding the effects of climate change, and the UK must continue to play a major role in delivering. There are many hon. Members present, and quite a few will want to intervene or speak, so I will try to keep my remarks as short as possible. Having said that, I have a number of things to say and a number of questions to ask.

We have had considerable discussions on the subject over many years, started by scientists and political leaders who believe that climate change is the most dangerous and life-threatening issue facing the world. That, along with security of supply, has been my focus for a number of years, and we need clarity and a positive response to the issues that I will raise in this brief but important debate.

The UK's security of supply is a major concern, and it is vital that the Government take appropriate action to ensure that we do not run out of power and end up with black-out Britain. The demise of the coal-fired power stations, and the closure of nuclear power stations at the end of their life cycle, will create tremendous challenges for the Government, and it is important that they are united in the pursuit of a coherent energy policy.

All energy sources must be developed to reduce our carbon footprint and allow us to meet our emissions targets. Although I am in favour of a balanced energy policy, it is time that we looked at the ever-increasing subsidies for renewable energy. Onshore wind energy, which is intermittent and requires 100% back-up, has benefited enormously from the renewables obligation, but it is extremely expensive and it is not the best way to use our huge levels of investment.

I must declare an interest as the chair of the all-party group on nuclear energy. Over the years, we have had considerable success in highlighting the issue of nuclear energy and promoting solutions to the problems that the UK faces over its security of supply and the devastating effects of climate change. As chair of the APG, I had hoped that the general election—no matter what the result—would not affect the nuclear industry and the future of new build. However, there is a problem with the Con-Dem coalition, because the Government said one thing—or, should I say, two things—during the election and another after it. That has been a regular occurrence with the coalition over the past few months.

Despite considerable misfortune, recent polls clearly demonstrate that those who support having a nuclear component of a comprehensive energy policy are winning, and may indeed have won, the argument. The majority of the general public are now convinced that we need to build new nuclear power plants. When the APG was formed, nuclear energy was on the back-burner, but leading environmentalists who have spent a lifetime opposing nuclear energy have recently gone public in support of it. The former head of Greenpeace, Mr Tindale, has openly come out in support of nuclear and is lobbying for it. It is interesting to look at his reasons for once opposing, and now supporting, nuclear energy; his reasons for having opposed it are shared by many of those who oppose it today. He says that

"nuclear power was wrong, partly for the pollution and nuclear waste reasons but primarily because of the risk of proliferation of nuclear weapons…My change of mind wasn't sudden, but gradual over the past four years. But the key moment…was when it was reported that the permafrost in Siberia was melting massively, giving up methane, which is a very serious problem for the world…It was kind of like a religious conversion. Being anti-nuclear was an essential part of being an environmentalist for a long time but now that I'm talking to a number of environmentalists about this, it's actually quite widespread this view that nuclear power is not ideal but it's better than climate change".

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Given that analysis of the global impact of carbon emissions, the melting of the permafrost and the release of methane, what contribution will nuclear make to the reduction of global carbon emissions?

John Robertson: I thank the hon. Gentleman for his question. As I develop my argument, he will get the answer to it, but I will happily let him intervene again before the end of my speech if he wants to repeat his question.

As I said, I am concerned about the new Government's policy, because their strongly held, differing views will not be coherent and will lead to the development of a mishmash of energy policies that does not meet the country's needs. We are fast running out of time, and my concern is that we will end up with a dash for gas that leaves us dependent on imports for our energy supply. Any delay in delivering new nuclear build would be disastrous. Unfortunately, the history of some members of the Government raises major concerns about the new nuclear build programme. If Government policy is less than positive, the delivery of new nuclear power stations in the UK will be undermined.

Across the globe, there is strong demand from many countries that wish to build new nuclear power plants. The Government's recent decision to withdraw funding for Sheffield Forgemasters must be viewed with deep concern.

Mr Tom Watson (West Bromwich East) (Lab): My hon. Friend is making a strong case for a low-carbon future, but does he agree that what happened to Forgemasters was not just a tragedy for British jobs? The only other company that makes these reactor pressure vessels—these large components for nuclear reactors—is Japan Steel Works, in Hokkaido, Japan. We therefore

[Mr Tom Watson]

face a huge lost export opportunity. Forgemasters has tripled its order book in recent years, and there is now a waiting list. Not only have we have lost an opportunity to be a major exporter of a key component in nuclear growth, but we may be at the end of a waiting list, which may jeopardise the future build programme in the UK.

John Robertson: My hon. Friend is absolutely right, and I will go into that in more detail later. The situation with Forgemasters is symptomatic of the problem that we will face in years to come. The previous Government pledged cash to Forgemasters to enable the Sheffield company to build parts for nuclear power stations—it was as simple as that.

Simon Hughes (Bermondsey and Old Southwark) (LD): I have a simple question that touches on the Forgemasters issue. Should there or should there not be any direct or indirect public subsidy to the nuclear industry?

John Robertson: The hon. Gentleman makes a fair point, which he has made many times. It has been said on many occasions that no subsidy will be given. Indirect subsidy is a different thing; it would be about what was happening with the carbon price in European markets and so on. We can never say never about anything, but the Labour Government said that they would not give any subsidy, and that it was down to the companies to cover the cost of not only building plants but dismantling them at the end of their life cycle. I hope that that answers the hon. Gentleman's question.

When the loan to Forgemasters was announced in March, it was clear that it would make the plant one of two in the world—the point that my hon. Friend the Member for West Bromwich East (Mr Watson) made—able to make large forgings for the nuclear energy industry. Apart from creating employment opportunities and highly skilled jobs, it would lead to international order opportunities for the product. Those of us who have been involved in nuclear energy know that a number of nuclear stations are being planned all over the world. It does not come as a surprise to me, although it will to some, to hear that even Sweden is jumping on the bandwagon. As we speak, people all over the world are tackling the issues of security of supply and the need for a base load that includes nuclear. On that basis, it is essential that the Government look again at the decision. We need world leaders, and the Sheffield plant, with the investment, would have an opportunity second to none.

I do not feel the need to rehearse the concern about climate change and emissions targets; we have expressed it many times. However, I seek assurances from the Government about their intent. It is vital that we hear at first-hand what position Ministers at the Department of Energy and Climate Change and the Prime Minister will take not just on climate change but on nuclear power. I have some concerns about their policy on new build. The Secretary of State for Energy and Climate Change has long been completely and unequivocally opposed to nuclear build. He has said:

"No private sector investor has built a nuclear power station anywhere in the world without lashings of government subsidy since Three Mile Island and Chernobyl. The World Bank refuses to lend on nuclear projects because of the long history of overruns. Our message is clear, No to nuclear, as it is not a short cut, but a dead end. Yes to energy saving, yes to renewables, and yes to a sustainable energy future."

That view—that nuclear power is not the answer to future energy needs—is the view, of course, of the Secretary of State.

On Friday 12 May 2006, the Secretary of State said, responding to an affirmation by the then Secretary of State, my right hon. Friend the Member for South Shields (David Miliband), that the Government were considering a new generation of nuclear power stations:

"While Mr Miliband's acknowledgment of the scale of the climate change challenge is welcome, his comments on nuclear power are worrying."

He went on to say:

"Not only does nuclear cause a great threat to the environment through the large amounts of waste produced, but it is also economically unviable.

The Government intends to use private investment to fulfil our future energy needs. However, since the Chernobyl disaster, no nuclear power station has been built anywhere in the world without huge amounts of government subsidy."

That is the point that the hon. Member for Bermondsey and Old Southwark (Simon Hughes) was making earlier. Such statements cause problems for those of us who want a balanced energy policy, because it is the Secretary of State making them, and one would expect him to be writing the policy.

I want to quote Melanie Phillips of the *Daily Mail*, although it is not a paper that I quote very often, and is not known to be a friend of mine—

Dr Alan Whitehead (Southampton, Test) (Lab): But just this once.

John Robertson: As my hon. Friend says, I shall do so just this once. The Secretary of State's former colleague at *The Guardian* highlighted the dilemma of the coalition when she wrote:

"Or look at the farce about to play out in the energy ministry. To stave off Britain's looming power crisis, the Tories are committed to building more nuclear power stations.

Yet the new Lib Dem Energy Secretary Chris Huhne is viscerally hostile to nuclear energy. So to stop the lights from going out in Britain, Mr Cameron has apparently given the Tory junior energy minister Charles Hendry responsibility for civil nuclear power."

I have great respect for the Minister. We both served on the Select Committee on Energy and Climate Change, as did several other hon. Members who are here—I thought I was at a Select Committee meeting when I came into the Chamber. I think I can say that the Minister and I have been singing from the same hymn sheet for some years, even if that did upset the Front Benchers of our respective parties. Melanie Phillips continued:

"But with Mr Huhne so opposed, is it not all too likely that Mr Hendry's boss will find ways of kicking the nuclear power station programme into the long grass—thus provoking a possible nuclear explosion in the energy department?"

No pun intended.

I know that I should not believe everything that I read in the *Daily Mail*, or other media, for that matter, but will the Minister give this House an assurance that nuclear new build will go ahead, that the Secretary of State has changed his stance, and that the Secretary of

State's complete dismissal of the building of any new nuclear power stations has been sacrificed for his present position?

Mr Iain Wright (Hartlepool) (Lab): I appreciate my hon. Friend's obtaining this debate. I am completely confused about the coalition's policy on nuclear. "The Coalition: our programme for government" states:

"We will implement a process allowing the Liberal Democrats to maintain their opposition to nuclear power while permitting the Government to bring forward the National Planning Statement for ratification by Parliament so that new nuclear construction becomes possible. This process will involve: the Government completing the drafting of a national planning statement and putting it before Parliament; specific agreement that a Liberal Democrat spokesperson will speak against the Planning Statement, but that Liberal Democrat MPs will abstain; and clarity that this will not be regarded as an issue of confidence."

How on earth can we keep the lights on when we have such confusion at the heart of such an important part of Government energy policy?

John Robertson: My hon. Friend played an important part in the previous Government and should be thanked for all the work that he did—and for all the work that he will do in opposition. He makes a fair and valid point. The Minister must answer those questions. Those of us who are not trying to make political points— *[Laughter.]* I am shocked by that reaction. The point of the debate is to clarify exactly where we are on energy, where the industry stands, and where we are on this country's security of supply. I know that the Minister does not mean to be flippant, and takes his job seriously, and will be able to answer all my questions to my satisfaction—I say that tongue in cheek.

While the Minister is confirming the change that I spoke of, will he also confirm the position of the Prime Minister, who has also seen the light, like Paul on the road to Damascus, and who no longer feels that new build can be seen only as a last resort? Will the Minister comment on that? If the Prime Minister is not behind a nuclear programme and a balanced energy policy we certainly have a problem.

Damian Collins (Folkestone and Hythe) (Con): Given the strong points that the hon. Gentleman has made about the need for nuclear power and, in the light of the potential energy gap, the need to press ahead with the nuclear programme as swiftly as possible, does he share my concern that it was premature of the previous Government to take Dungeness off the list of approved sites?

John Robertson: I welcome the hon. Gentleman to the House and hope that he has a long and happy career here—but perhaps not too long. I totally agree with him, but that will not be a surprise to the Minister. Options must be kept open. Acting prematurely for the sake of looking good is a mistake. I asked a question in a similar vein yesterday, but did not get an answer, but I hope that the Minister will answer me today.

It will be the Government's fault if we end up with power cuts. If they do not pull their finger out, that is exactly where we are going. It says here in my speech that I have tremendous respect for the Minister, and I do; I hope that that has not affected his political career or job prospects, as I am sure that he would like to move up at least one place. I hope he will. In a recent speech at Chatham House he said that he welcomed the opportunity to focus on one of the biggest challenges facing Government—the issue of energy security and how we decarbonise society. He went on to say:

"This is a green coalition with a shared priority. Both to create a low carbon economy to meet the urgent challenge of climate change and to help achieve energy security."

That sounds a bit like "peace for our time" because there was no mention of nuclear power.

Sir Robert Smith: The hon. Gentleman made the point that if the lights go out, the Government will be at fault. The Government on watch must deal with the situation on the day, but with his knowledge and experience of the energy industry, the hon. Gentleman must accept that there is a huge lead time in the development of energy policy and in capital planning. We have had 13 years of a Labour Government; does the hon. Gentleman accept that the legacy of their decision making will contribute to the consequence, if the lights go out?

John Robertson: The hon. Gentleman has obviously read the next paragraph of my speech. I give him credit for his X-ray vision; perhaps what I say next will position me exactly as he has said.

Low-carbon technologies have an important role to play, not only when it comes to meeting our climate change targets, but with regard to building recovery from the recession and creating new jobs and industries in the coming decades. We face the greatest energy challenge of our lifetime. Over the next 10 to 15 years, we will need something in the order of £200 billion of new investment. How does the withdrawal of funding from Sheffield Forgemasters fit in with that rhetoric?

The need for a balanced energy policy that uses all proven sources of generation has been reinforced by the events of the last few years. The increased price of oil, and the effect that that has had on the economy, has highlighted the need to reduce dependence on imported gas and oil. Petrol prices have gone through the roof, with knock-on effects for transport and food bills, and inflated electricity and gas prices. The UK cannot be left at the mercy of imported oil and gas, but the demise of coal and nuclear would leave us dependent on our core source, gas, for at least 50% of our electricity needs. If, as is hoped, we go down the clean cars route with electric vehicles, we will need more electricity to cover the increase in demand. To ensure cheap, reliable electricity, we will need more than simple efficiency savings or more clean-generated electricity—either that, or the answer to our energy needs will have to be magic or come from thin air.

I have raised my concerns. It is essential that we have a coherent energy policy, but that requires total agreement within Government. I seek assurances that they will deliver a comprehensive balanced energy policy that includes a nuclear component. The decision to withdraw funding from Sheffield Forgemasters must be reversed, as that is contrary to delivering the skills and the means to make Britain a world leader in nuclear technology. As the Minister has said,

"Time is not on our side, and we recognise the scale of the challenge. We see low carbon technologies as the way forward to meet our climate change commitments, but also to enhance our energy security."

[John Robertson]

He alluded to the fact that if we do not plan now—we should have planned already— we will hit a spot when there are real problems. That, of course, is where the dash for gas comes in.

When we get to about 2016-17, we will be in a particularly vulnerable position. It is hoped that the first nuclear power station will soon be given planning permission, and that it will be available and ready for commissioning in 2017-18. The most important time is between 2020 and 2025, when other power stations go offline and new power stations will have to be built. The Government have to make a commitment today: if they do not, those power stations will not be built. Indeed, that was said by my predecessor on the all-party group in 2002-03, when it was not popular to be a member of the group. It is amazing how time has proven him to be correct. Our original goal—when I say ours, I mean everyone's; I am referring not only to you, Mr Brady, but Opposition and Government Members and the people of this nation—was to make Britain the most attractive place to invest in energy. In order to provide secure, low-carbon energy, we need to keep bills affordable.

In conclusion, I must tell the Government that talk is cheap and that actions speak louder than words; they must lead, proving that they have the solutions to our energy needs. If they act, they will have my full support and that of my party, as well as the support of everyone else in the country. If they do not act, I shall look forward to the next Labour Government being here—but we will probably need candles to see one another.

9.53 am

Damian Collins (Folkestone and Hythe) (Con): I congratulate the hon. Member for Glasgow North West (John Robertson) on securing this important debate. I may not be able to say this a huge number of times in my parliamentary career, but I can say this morning that I agree very much with the thrust of his argument on the importance of nuclear being part of our energy mix. In an intervention this morning, I spoke of the Dungeness nuclear power station in my constituency, a subject that I also mentioned in my maiden speech. My hon. Friend the Minister knows that I take a strong interest in the matter; I am grateful for his reciprocal interest, as it is important to my constituents.

As I said earlier, in their consultation on the nuclear new-build programme, the previous Government removed Dungeness from the national policy statement on approved sites. That caused great concern in my constituency, and it was something of a surprise. There has been nuclear power at Dungeness since the 1960s, and there have been two generations of facilities. Dungeness A is being decommissioned, and Dungeness B is due to run until about 2018. It has always been anticipated that there would be a third—and, potentially, a fourth—generation of nuclear power stations on the site, which is strategically important; it is the only nuclear facility to the south-east of London, and it is in an area of high energy demand. It produces enough power to provide electricity for the whole of Kent.

I share the concern expressed by the hon. Member for Glasgow North West: if that facility is no longer available, and there is no new nuclear power, where is the energy to come from? It is likely to be imported, and the sources of that energy may not be as secure and certain as we would like. That will have a knock-on effect for consumers in the prices that they have to pay.

Like many Members who have nuclear facilities in their constituencies, I am aware of the excellent safety record of the British nuclear industry, and of the large number of jobs created by the building and running of nuclear power stations. They create an important economic infrastructure for the local economy. It is estimated that Dungeness B nuclear power station puts £20 million into the economy that it serves; in the current economic climate, I struggle to see where else that funding could be found, or what other investment could match it.

I wish to consider why the right hon. Member for Doncaster North (Edward Miliband) decided to take Dungeness off the list of potential new nuclear sites. Was it a lack of local support? No, not at all: there is a huge amount of support for the Dungeness nuclear power station. Research conducted in that area of Kent shows that the nearer one gets to Dungeness, the more popular it is. Was it because of the risk of coastal flooding? The Environment Agency says that it is perfectly content with managing the flood risk at Dungeness. If anything, maintenance of the flood defences there has a knock-on benefit for the whole of the Romney marsh area, which is largely below sea level and is considered to be one of the areas most at risk from sea flooding, so it was not that. Was it, as some in my constituency have suggested, concern about the proximity of a small, local airport? In evidence to the previous Government, the Health and Safety Executive said that that was not a concern, either now or if the airport should expand; it would not be a reason for not progressing with the Dungeness site.

The European Commission is not a body that I would normally draw upon for supporting evidence, but it clearly considered Dungeness to be a site for potential new nuclear build, because when EDF Energy completed its takeover of British Energy, it requested the new company to consider selling sites where new power stations might be built, so that it did not have a monopoly. Dungeness was earmarked as a site that might have to be sold. Clearly, at the macro level, the European Commission considered that it was logical for Dungeness plans to be taken forward, which is interesting.

It seems that Dungeness was taken off the list because of an interpretation of the habitats directive, and because of the Natura 2000 reserves, which are set up at a European level, although enforcement takes place on a national level. The Dungeness site would fall foul of the environmental protections under the habitats directive. That was certainly the view of Natural England, the Government's statutory consultee. My predecessor, Michael Howard, raised that point with the right hon. Member for Doncaster North before the general election, asking whether Natural England had a veto on Government policy in such matters—its objection would seem to be the primary reason why Dungeness plans have fallen—but the right hon. Gentleman said that it did not. I hope that that is so.

We know that overwhelming national interest can take precedence over concerns about enforcing the habitats directive. Given what the hon. Member for Glasgow North West said about the huge need for nuclear power, I hope that we will consider it a matter of great national

importance to have as many new-build nuclear sites as possible. I know that there would be problems with planning, and local opposition to grid connection points in various sites around the country. However, in evidence to the Select Committee on Energy and Climate Change before the election, EDF Energy said that it considered Dungeness to be an excellent site for grid connection, and that it could potentially be online and producing energy before 2020.

Mr Watson: The hon. Gentleman makes a compelling case, and he will have a very long career in this House if he makes arguments as potent as the one that he makes this morning. I suspect that part of the reason why Dungeness was taken off the list is that it does not work well—or occasionally does not work very well. Does he think that it would be useful for the Minister to forge links with the nuclear industry work force, and to perhaps meet Mr Dougie Rooney of the Amalgamated Engineering and Electrical Union, who could build common cause with him on the work force of Dungeness?

Damian Collins: I am grateful for the hon. Gentleman's comments. I am assured that there is a lot of life in Dungeness B power station yet, and I hope that continues. As regards his other comments, I am sure that my hon. Friend the Minister can speak for himself.

Sir Robert Smith: The intervention from the hon. Member for West Bromwich East (Mr Watson) was confusing, because the performance of an existing power station does not have anything to do with the performance of the next power station on the site. Not to defend the previous Government, but I am sure that the decision was to do with the environmental impact locally, and the fact that the Government found sites elsewhere to fill the quota that they were looking to hit.

Damian Collins: The hon. Gentleman makes an important point about the nature of the environmental objections and whether they are well founded. Natural England's objection is that Dungeness sits on a peninsula of shingle. It is the second largest shingle peninsula in the world; the largest is Cape Canaveral in Florida, so clearly either NASA has found ways of managing the natural environment, or the Americans are working to different rules. We are talking about a living, moving landscape, with nuclear power and other development. There is a need to intervene to prevent coastal erosion of the shingle peninsula, which is moving, and to maintain the defences and protect the existing power station; that means moving shingle from Lydd-on-Sea to the western end of the peninsula. That work has to go on, and people who have lived in Dungeness all their lives are aware that human intervention is natural.

Natural England is right to raise concerns about this important ecological site, which is unique in our country and, in many ways, in Europe. The history of Dungeness is the history of man working in successful partnership with nature. The site is excellent for meeting the energy demand for nuclear power in our country, and it should be considered as a site for a station. Given that the development area for the new power station sits alongside an existing power station, and is on land previously disturbed and developed as part of the building of the first two power stations, we are talking about potentially less than 1% of the entire protected area that covers Dungeness and Romney marsh and the Rye site of special scientific interest. That is a relatively small area of development; development could not be said to bring into question the integrity of the whole site. Only a very small part is affected, so some mitigation may be possible.

The national case and demand for nuclear power is such that we should seriously look at that option. We should not get into a position where any area of development is considered impossible, or where Natural England has, on certain sites, a veto over whether anything happens at all. There are even objections to the movement of shingle from one area of Dungeness to another to maintain the sea defences; there are questions over whether that should be stopped, and whether the building aggregate should be dumped into the sea instead, at great cost to the taxpayer.

Mr Iain Wright: I am following the hon. Gentleman's argument closely. Like him, I have a nuclear power station in my constituency, and there is the possibility of a replacement power station next door. There is also an area for birds, which is of scientific interest, so we have very similar views. I would like nuclear power to be part of a balanced mix of energy for Britain. We need that to happen as quickly as possible, and I think that he agrees with me. On that basis, does he think that the Government's abolition of the Infrastructure Planning Commission is a good or a bad thing?

Damian Collins: The hon. Gentleman makes an important point. The question is, what planning framework should deliver the nuclear new-build programme? Regardless of what takes the place of the IPC, all Members want a structured and coherent plan to take the sites forward. My concerns and argument are about the bit that comes before the IPC—the consultation on the list of nuclear sites. My concern is that that system has fallen down.

I am aware that the Government have inherited a live and open consultation from the previous Government. Ministers are still considering the evidence given by my constituents and many others during the consultation period, as well as the evidence in the report of the Select Committee on Energy and Climate Change. Those things will be taken into account, and I look forward to reading the report. I hope that Ministers will consider some of the points that I have made on the suitability of Dungeness as a key site.

Joan Ruddock (Lewisham, Deptford) (Lab): Of course Natural England does not have a veto, but new build will take place only at a certain rate, and that is determined entirely by the private sector. It makes a great deal of sense for a Government to choose the sites most likely to progress at speed. In the case of Dungeness, the consultations necessary would be complicated. It was a purely pragmatic, straightforward and reasonable decision for the Government to withdraw the site from the consultation.

Damian Collins: The right hon. Lady makes an important point about the nature of consultation and how it is conducted. From the evidence of the Department of Energy and Climate Change on the consultation on Dungeness—available on its website—it seems that Natural England raised the issue early, and that meetings were

[Damian Collins]

called between it and EDF Energy very early on in the process. I am not certain how much interrogation there was of Natural England's argument, or whether it was just accepted. Were the Government concerned that Natural England might make a serious challenge? Natural England said that it potentially had concerns about a number of the sites, but it had the greatest concern about the one at Dungeness. My concern is this: how much exploration has there been of Natural England's argument, and what cases for mitigation have been made?

I am conscious that other right hon. and hon. Members would like to contribute. I obviously want Dungeness back on the list of sites, maybe with caveats at the planning stage that a very detailed plan for managing the local environment must be part of the consideration of how that power station could be built. I am sure that the right hon. Lady is correct that there will be issues with a number of the sites, whether or not they are included in the national policy statement on nuclear power. It would therefore be sensible to have as many sites on the list as possible that can contribute to our energy needs. We can then progress as many as possible and hope that a good number are delivered.

10.6 am

Mr Mike Weir (Angus) (SNP): I am pleased to make a brief contribution to the debate. I congratulate the hon. Member for Glasgow North West (John Robertson) on securing the debate. He is, of course, a well known and passionate advocate of nuclear power, as is the Minister—these debates often seem like a meeting of old friends. While I respect their positions, it will not come as a great surprise to either of them that I take a somewhat different position. The Scottish National party remains opposed to new nuclear power stations. We believe that Scotland neither needs nor wants such stations, and there is a clear majority in the Scottish Parliament against them. This debate centres on the new Westminster Government's policy, and I do not want to debate the pros and cons of nuclear power as such, but will focus on what their policy is.

Before the election, the Conservatives made no secret of their support for nuclear power, and their manifesto clearly supported new nuclear power stations

"provided they receive no public subsidy".

The Liberal Democrats clearly stated that they

"reject a new generation of nuclear power stations".

However, the coalition agreement states unequivocally:

"We will implement a process allowing the Liberal Democrats to maintain their opposition to nuclear power while permitting the Government to bring forward the National Planning Statement for ratification by Parliament so that new nuclear construction becomes possible"

a fudge if ever there was one. It gets worse, in that the Liberal Democrats can speak against it but are committed to abstain on any vote. That seems to lack principle completely. The present Liberal Democrat Secretary of State for Energy and Climate Change, the right hon. Member for Eastleigh (Chris Huhne), who once described nuclear power as a "failed technology", has stated that it is very clear that there will be a new generation of nuclear power stations. No doubt the Conservative party are relying on a temporary coalition with Labour to ensure the measure goes through.

We should not be unduly surprised; the Liberal Democrats were against nuclear weapons, but now appear to be in favour as long as they cost less than Trident. The position appears to be that there will be new nuclear power stations provided the private sector meets all the costs, but how will that work? In November last year, Citigroup published a fascinating report entitled "New Nuclear—the Economics Say No", in which it describes the "three Corporate Killers" and says:

"Three of the risks faced by developers—Construction, Power Price, and Operational—are so large and variable that individually they could each bring even the largest utility company to its knees financially. This makes new nuclear a unique investment proposition for utility companies."

I presume it does not mean that in a good way. It makes the point that

"No where else in the world...have nuclear power stations been built on this basis",

and concludes:

"Nor will they be built in the UK—We see little if any prospect that new nuclear stations will be built in the UK by the private sector unless developers can lay off substantial elements of the three major risks. Financing guarantees, minimum power prices, and/or government-backed power off-take agreements may all be needed if stations are to be built."

Dr Thérèse Coffey (Suffolk Coastal) (Con): Has the hon. Gentleman not seen the comments by the head of EDF, Vincent de Rivaz, about how his organisation welcomes this new development and how it will continue to put forward its programmes despite there being no subsidy from the public sector? Such comments will be very pleasing to my constituents because it should mean that Sizewell will get built.

Mr Weir: I have heard Mr de Rivaz's comments, but he seems to be the only one to make such comments. Different comments have been made by the head of E.ON UK, who is also interested in new nuclear power stations.

Let me return to what Citigroup was saying. I should add that the report was written before the oil spill in the gulf of Mexico, where BP has found that legal maximum liabilities are meaningless. Already, it has paid out more than the legal maximum under United States federal law and is facing many billions more in compensation payments. Just what would the cost be to any operator of a nuclear power station should—God forbid—there be a serious incident? The fact that there is a serious potential liability should be a red light to utility companies, and all those who invest in them. It is also worth noting that the present Secretary of State has already reported a black hole in the budget of his Department to meet the cost of decommissioning current stations and of containment of our existing stock of nuclear waste. Given that situation, how will the Government ensure that the new nuclear power stations will be built without public subsidy, especially as that has never been done anywhere in the world?

The coalition agreement gives us a clue when it states:

"We will introduce a floor price for carbon, and make efforts to persuade the EU to move towards a full auctioning of ETS permits."

It seems that that is the answer as to how nuclear power is to be given a subsidy. Nuclear is to be made commercial by introducing a floor price for carbon. In a recent speech to the Nuclear Industry Forum, the Minister said:

"The carbon price is not a subsidy for new nuclear, it is to drive forward low carbon investment."

An argument can be made that that is the case, but it is also undoubtedly true that new nuclear will be the main beneficiary of such a policy. It will have the effect of driving up, perhaps very substantially, the price of energy produced by fossil fuels, thus making nuclear much more attractive, which is why the nuclear industry is the cheerleader for this particular policy. In his speech, the hon. Member for Glasgow North West said that without nuclear power, we faced the prospect of very high energy prices, but if this policy is pursued, we may face very high electricity prices across the board with or without nuclear power.

In effect, the introduction of a floor price would be fixing the market, which I thought would have been anathema to free market Conservatives. It will no doubt be argued that that is a move that will help all other low carbon emitters, and that there are already many subsidies on different kinds of renewables. That point was also made by the hon. Member for Glasgow North West. Some of that is true, but other forms of renewables are new technologies that are receiving help to get them to a take-off postion in the market. The previous Government's proposals to stagger renewables obligation certificates recognised that some of them had almost reached that position.

Nuclear is not a new technology; it is an old technology that has already had a shedload of money from the taxpayers. I am old enough to remember when it was said that nuclear power would be too cheap to meter. That did not happen, and we have seen the vast amount that will be needed to deal with the legacy of waste, now and far into the future.

It seems, therefore, that rather than making private investors take the risks, it is again the taxpayer who will do so, and I would be interested to know whether the Minister can give us more details on how the policy of the floor of the carbon price is to work. For example, when and how is it to be introduced? I noticed that *The Independent* suggested that it will be introduced when new nuclear power stations would be up and running in 2025. Will the policy apply only within the UK if he is unable to persuade the EU to adopt such a position, and how will that work with the competition laws within the EU?

Finally, I ask the Minister to confirm that the coalition Government remain signed up to the respect agenda with the Scottish Government that the Prime Minister talked so much about, and that there will be no attempt to amend the powers of the Scottish Parliament in that area so that we might continue to be nuclear-free.

As I stated at the outset, the SNP remains opposed to new nuclear power stations. We believe that Scotland has great potential to be the green powerhouse of Europe and that the determination of all three Unionist parties to pursue new nuclear power stations is an horrendous mistake that will cost the taxpayers dearly in the future.

10.14 am

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I congratulate the hon. Member for Glasgow North West (John Robertson) on securing this debate and on putting his case for nuclear power, as he did so many times in the previous Parliament. As he recognises, one of the legacies that this Government will have to address is the previous Parliament's lack of momentum in decarbonising electricity generation in the UK.

The hon. Gentleman did not address my specific question about nuclear power's global contribution. Although nuclear power will be embraced by some countries, it will not be the solution to providing a low-carbon future across the world. Therefore, it is very important for us to develop other low-carbon energy systems, such as carbon capture and storage, especially if they can be retrofitted in China. That will have a far greater impact.

John Robertson: I thought that I had addressed the hon. Gentleman's point; if I did not, I apologise. As we speak, power stations are being built around the world. Still more will be built when people see the low-carbon output—it is practically nil—of nuclear power stations.

The hon. Gentleman is absolutely right. China is the market that we have to get into, and CCS would help us do that. Nevertheless, the case has to be proven and the technology has to be there, and it is not there at the moment. The hon. Member for Angus (Mr Weir) said that nuclear power is an old energy. It is, but it is also a tried and tested energy that can be relied on.

Sir Robert Smith: Historically, the nuclear industry has required public subsidy for the purposes of trying and testing. Even the great white hope in Finland, which was meant to show how the market could deliver, has turned out to need an underpinning of public subsidy. I recognise that the carbon market is an important way of incentivising whatever means of low-carbon electricity generation comes before us, and anything that can be done to get a better price for carbon will be an important part of driving forward alternative energy supplies.

I must declare an interest here as a shareholder in Shell. I also represent the north-east of Scotland, where the oil and gas industry is extremely important. The hon. Gentleman said that he was worried about us relying on gas. This Government will have to address one of the legacies of the previous Government and make sure that we maximise our own gas production, because in that way we will reduce any immediate worries about having to rely on imported gas.

Moreover, the Government must recognise that the big change resulting from the near-decoupling of the oil and gas markets following the discovery of the means of producing shale gas—a new means of producing gas—is altering the whole concern about a further dash for gas. Gas is one of the cleaner fuels. Although it produces CO_2, it produces less than other fuels. Therefore, it can play an important part in our electricity mix without too much concern.

Mr Weir: I hear what the hon. Gentleman says, and I agree with him in many ways, but does he not accept the point that raising carbon prices will affect the cheapness

[Mr Weir]

of gas? It will substantially push up the price because gas is a fossil fuel and will be hard hit if we put a floor on the carbon price to benefit nuclear power.

Sir Robert Smith: What the hon. Gentleman has to accept is that we want a low-carbon future. Can he suggest a mechanism other than putting a price on carbon? The EU has embraced the idea of putting a price on carbon as the only means of producing a low-carbon future for the European Union.

Mr Weir: The EU has not accepted a floor price for carbon, as is proposed by the coalition Government. So we may have a position in which the UK is the only country trying to impose a floor price for carbon while remaining within the emissions trading scheme. I cannot see how that is workable.

Sir Robert Smith: That is why we have to convince the EU that, if it is going to deliver on a low-carbon agenda and if it has embraced the ETS, it will have to put a floor on carbon to make the ETS deliver the treaty commitments and other commitments to having a low-carbon future.

The hon. Member for Glasgow North West said that the world is facing the major problem of there being too much carbon dioxide going into the atmosphere. There is no way of not putting CO_2 into the atmosphere unless we are willing to pay the costs of producing alternatives to CO_2. Nuclear is one alternative, which we do not think is the right alternative, but marine renewables also need a floor on carbon—all low-carbon energy systems, if they are going to take off and be delivered, will need a floor on carbon. That is the only way. The EU has decided to embrace the ETS and unless we actually make the ETS work, we will not deliver on all our commitments.

Graham Stringer (Blackley and Broughton) (Lab): I think that this debate about the European ETS is at the heart of European energy policy. Would the hon. Gentleman go as far as I would and say that the introduction of that scheme has been a catastrophe, that the low level of carbon is actually subsidising polluting industries and that it would be better to start again?

Sir Robert Smith: The EU cannot keep inventing new schemes. I think that we need to make the ETS work now that we have embraced it and we actually need to deliver it, because at least it uses the market to try to come forward with the best and most efficient solutions for achieving the low-carbon future that we need to embrace. So that is an important point.

There is another situation with nuclear. When we on the Energy and Climate Change Committee were looking at the planning statements, it struck me that the long-term solution for nuclear waste may well be a deep repository, but the plans now are to keep the waste on site for a considerable time. Therefore, all these communities must be managed for a long time, to protect those waste sites. They are all in low-lying floodplains, so we had this vision of little islands of nuclear waste being protected by flood defences, as the sea level rises and the legacy of the new nuclear generation is left for future generations to pick up.

So it still seems a major challenge for this country to go down that route of nuclear if we can embrace other technologies, such as carbon capture and storage and marine. We have a massive tidal resource around our coastline, which we have failed to tap and failed to launch. Those of us who are committed to marine renewables and the alternative technologies have been frustrated about the legacy of so many resources going into nuclear. That has diverted resources away from what could have been another great export industry and a very substantial source of low-carbon energy for this country, and it does not pose the risks of pollution that we would still face with nuclear.

Simon Hughes: I just want to make one other point. My hon. Friend has huge experience in all of these areas. However, the statutory body that advises on waste and nuclear waste, and that gave the official advice to the last Government, has not said so far that there is a safe method of disposing of nuclear waste. Yes, it has accepted methods of storage of nuclear waste, and the communities where that waste is produced and stored understand that, but there is not yet an agreed safe method of disposing of nuclear waste. Going ahead with a programme of new nuclear without a safe method of disposal being objectively agreed would be another folly.

Sir Robert Smith: Yes. It seems that we should deal with the legacy that we already have before adding to that legacy.

I am conscious that other Members want to speak. As the hon. Member for Glasgow North West said, we have the serious challenge of ensuring that the lights stay on. We need electricity to be generated. There is also the serious challenge of producing a low-carbon future. We need long-term investment, and we need the incentives that have been mentioned. I think that a price on carbon is an important incentive to low-carbon energy industries and that nuclear is not the great white hope that will solve the problem, although it is portrayed as such.

I also think that we need to embrace marine renewables and carbon capture and storage, and ensure that we achieve the most effective gas production from our own gas resources before we waste them and leave them locked in the ground. There is a low-carbon future in which we can keep the lights on, but I do not think that nuclear is the means of achieving that future.

10.24 am

Dr Alan Whitehead (Southampton, Test) (Lab): I congratulate my hon. Friend the Member for Glasgow North West (John Robertson) on securing this debate. It is, of course, a debate about Government policy on new nuclear; we are not talking about the overall advisability of going down the nuclear route. My view remains that nuclear power is not renewable. We have no nuclear fuel in or around the UK and I have my views on that subject. However, Government policy on new nuclear is the important issue that we need to concentrate on right now.

In that context, the Minister has an enormous responsibility on his shoulders. I, too, have a great regard for him and for his skills in tackling these matters. However, he will need at least the skill of those responsible for putting in and removing the nuclear cores from Three Mile Island to keep the coalition on track as far as its policy is concerned, because although the provisional wing of the coalition is in for this debate, the official wing is apparently locked into Government policy on nuclear, in respect of the decisions that will need to be made as far as the Department of Energy and Climate Change is concerned.

Of course, we have clarity about what those decisions will consist of—indeed, we had that clarity in a speech that the Minister made to the Nuclear Industry Forum very recently. In that speech, he stated:

"We will keep the fast-track process for major infrastructure, but planning decisions will be made by Ministers thereby ensuring democratic accountability".

There is a national policy statement on nuclear. Incidentally, the new Government are going to take that statement apart and put it together again, which I think will ensure further delays in the process. Among all the national policy statements that have come out, the statement on nuclear is unique in that it is site-specific. We have already heard mention this morning of the inclusion or exclusion in that statement of a particular site at Dungeness; in total, 10 sites have been identified in the statement.

If that is to happen as far as those sites are concerned, the decision taken by the Minister will mean that he will have to frank each of those sites and so will, among other things, give an enormous use value to those people who are then commissioned to develop them. The Minister will have to take a positive decision; he cannot remove himself from it.

As my hon. Friend the Member for Hartlepool (Mr Wright) mentioned, we will therefore have the spectacle of an agreement that appears to suggest that the Liberal Democrats can maintain their opposition to nuclear power while permitting the Government to bring forward the national planning statement for ratification. But that same Minister, in agreeing to that national planning statement, will specifically have to frank those sites, thereby allowing those particular nuclear stations to be developed.

Mr Weir: Does the hon. Gentleman agree that it seems ludicrous that, under this system, the Secretary of State for Energy and Climate Change can abstain on a vote that is being brought forward by his own Department to push forward nuclear energy?

Dr Whitehead: I was just going to reflect on that issue very briefly. As the Minister mentioned in his recent speech to the Nuclear Industry Forum, these decisions will come before Parliament. Presumably, therefore, the Minister who has made the decisions will be in the position of abstaining during votes on them. That will be an interesting piece of choreography, if the policy is to go ahead.

In his recent speech to the Nuclear Industry Forum, the Minister also emphasised that there will be no cost to the public purse as a result of the new nuclear programme. We need a little more clarification of what that actually means. In the past, one of the reasons why potential builders of nuclear power stations said that they might go ahead with nuclear build was that their clear underlying view was that they really did not believe that the new proposals would present no cost to the public purse.

It is one thing to say that there should be a floor price for carbon—that would not be a cost to the public purse, but generic assistance for all forms of low-carbon energy—but there is also the question of subsidising or giving guarantees of last resort on insurance, waste and storage, and of giving assistance on how all that works. Those are subsidies. If the Government are saying out of one side of their mouth that there will be no subsidies but out of the other side that, actually, there will be subsidies in several areas, that may be the way forward that they wish to assume as far as their policy is concerned. However, if they really do mean that there will be no subsidy from the public purse, there will also be no timetable for the build of new nuclear.

That is the crucial issue that we need to face in respect of future policy. If there is no subsidy at all from the public purse, a company may come forward and build a new nuclear power station, two or three companies may come forward and build two or three new nuclear power stations, or perhaps no one will come forward to build a new nuclear power station. We cannot easily afford that uncertainty, given our energy supply situation.

The previous Government's timetable for the arrival of the first new nuclear power station was 2017-18. My hon. Friend the Member for Glasgow North West mentioned that potential date today. Interestingly, a policy document issued in 2007 by the then Department of Trade and Industry, "New nuclear power generation in the UK: Cost benefit analysis", gave a different date—the early 2020s—for the arrival of the first new nuclear power station. Indeed, several industry analysts and others suggest that a realistic date is more likely to be in the mid-2020s.

That is important because, by that date, some 8 GW of coal-fired power stations, 3 GW of oil-fired power stations and 7 GW of nuclear power stations will have gone out of commission—for various reasons, including the large combustion plant directive, the age of the plant and the difficulty of maintaining or extending the life of nuclear power stations. That capacity will definitely be out of the system, so the question is what we do in the meantime to replace it. If no nuclear power stations are likely to come on stream until the mid-2020s, it will have to be replaced by other means.

Damian Collins: Does the hon. Gentleman share my regret that the previous Government did not get into the timetabling much sooner? We should have developed the process much earlier.

Dr Whitehead: Personally, that is not a source of regret to me, but there certainly is an argument that, because of the long-term scale of the planning, if one were to develop a range of new nuclear power stations to replace power stations as they ran down, replacement should be on that basis: as they run down. However, successive Governments have not taken that view on nuclear power; it was not only the previous Government for whom it was not an issue. However, we are in a

[Dr Whitehead]

position where like-for-like renewal would mean an enormous fleet of new power stations coming on stream at an early stage.

If that does not happen, base-load power, which is so important for our energy economy, is likely to be replaced by other means such as carbon capture and storage-fitted coal-fired power stations or—the Committee on Climate Change recently wrote to the Government to emphasise this—CCS-fitted gas-fired power stations. That would then be a new generation of base load, on the back of which new nuclear power would have to compete.

If new nuclear power has not been planned in any way, it will have to compete with that new form of base load, and whether it can compete on price for its power will be entirely determined by whether there is a subsidy for new nuclear power or whether there is some form of carbon pricing that enables nuclear power, at the point at which it comes in, to compete effectively against other forms of power. The time scale is crucial as far as new nuclear power is concerned.

That is the central issue for this country's future energy policy. The challenge that we face is to keep the lights on, to replace an enormous amount of generating capacity—not just base-load, but other forms as well—and to ensure that that generating capacity is low carbon for the low-carbon economy that we must move towards. Above all, that needs planning. Planning is needed to ensure that that happens over a period of time.

For the new Government to announce a policy that says, in essence, that there will be no planning as far as new energy supplies are concerned seems perverse, given the imperatives ahead of us. Whether we plan to have a fleet of CCS-fitted power generators, large-scale renewables—wind, wave and tide, and large deep-sea wind arrays—or a new generation of nuclear reactors to provide energy, we have to ensure that there is planning at some stage.

I am concerned that the new Government's announcements in their early days about how they will manage the energy economy, and what they are doing in respect of national policy statements, the Infrastructure Planning Commission and nuclear power, appear to be moving away from ensuring that we plan our energy economy so that we can keep the lights on for the next 50 years.

10.36 am

Joan Ruddock (Lewisham, Deptford) (Lab): I congratulate my hon. Friend the Member for Glasgow North West (John Robertson) on his success in securing the debate and on the way in which he made his case. He has always been a supporter of nuclear power and has worked hard to keep the issue before the House. Not all of us in the Labour party have shared his enthusiasm over the years. Indeed, my own position was not dissimilar to that of the Prime Minister, who said that nuclear energy was an energy of last resort. However, in any consideration of nuclear energy, we need to ask why so many people have changed their minds in favour of new nuclear, and what that means for those who have not.

As my hon. Friend said, the twin imperatives of tackling climate change and achieving energy security have focused and changed minds on new nuclear—but only some minds. Despite constantly challenging the Labour Government to do more on climate change, the Liberal Democrats in their manifesto explicitly rejected a new generation of new nuclear power stations, and we have heard contributions this morning that have entirely underlined that.

Perhaps the Minister could say whether he remains committed to a reduction in greenhouse gases of 34% by 2020, and at least 80% by 2050, as specified in Labour's Climate Change Act 2008, given the Liberal Democrats' brake on his nuclear ambitions. Does he recall the warning given by his newly acquired friend, the hon. Member for Cheltenham (Martin Horwood), who stated:

> "I assure any investors who may be watching our debate…that their investment will be at risk if we play a part in any future Government, because if we had the chance we would seek to slow down, and if possible to stop, the development of nuclear power."—[*Official Report*, 30 April 2008; Vol. 475, c. 322.]?

That is in stark contrast to the Minister's statement that clarity is essential if new investment is to happen.

What are business and industry to make of the coalition Government's position? It is clear that there is no united Government position on nuclear energy. As my hon. Friend the Member for Hartlepool (Mr Wright) said, there is not just one or even two but three positions. The coalition agreement states that the Government will introduce a national planning statement, so they are notionally in favour of nuclear. But a Liberal Democrat representative will speak against it, and the Liberal Democrat party will abstain in any vote. We always knew that being a Liberal Democrat in opposition meant not having to choose. It seems that old habits die hard and that Liberal Democrats do not accept the responsibilities of government, so perhaps the Minister will tell us whether his right hon. Friend the Secretary of State is committed to nuclear power. Was not one of the very first actions of his Government to create the very risks to investment, and slow-down in the development of nuclear power that the hon. Member for Cheltenham threatened?

Much has been said about Sheffield Forgemasters, and some of it bears repeating. Surely the Minister—I have the greatest regard for him and welcome him to his new position—must have shared my astonishment at the decision to cancel the loan to that company. I well remember him in opposition constantly banging on about energy security and investing in manufacturing, so what is his explanation? The deal took two years to negotiate, and would have put the UK at the forefront of an expanding market with great export opportunities. There must have been collusion between a Liberal Democrat Chief Secretary and a Liberal Democrat Energy Secretary who are determined to slow down the nuclear replacement programme that we were putting in place. Exactly what role did Liberal Democrat opposition to nuclear play in the Sheffield Forgemasters decision, and can we have a full explanation? How will that decision affect the timetable for new nuclear?

Without the new investment by Sheffield Forgemasters, the waiting list for pressure vessels is too long. Korean and other companies, including two in China, intend to enter the business of making large forgings, but the work necessary to ensure that steel is made to the right quality is bound to take several years. Any failure of the reactor core would be catastrophic, as the Minister

knows, and customers will be wary about buying from a company without sufficient experience. Sheffield Forgemasters is one of a small number of businesses in the world that could increase the speed of roll-out of new nuclear. Forgemasters might have been the central company in a nuclear renaissance in the UK.

So what now? In government, we systematically developed the instruments and legal frameworks necessary for the transition to a low-carbon economy. We believed that the energy revolution was vital to our security and to tackling climate change. Planning was clearly an obstacle, so we created the Infrastructure Planning Commission. Despite the CBI saying that it is vital for strategic infrastructure, we understand that the coalition plans to scrap it. In response to that announcement by the Secretary of State for Communities and Local Government, Clare Spottiswoode, chair of Energy Solutions Europe, which helps to manage five nuclear sites in the UK, said:

"People are already nervous...the risk is they will just take their money elsewhere."

Who will make the decisions on new nuclear plants under the coalition's proposals? I believe that it will be none other than the Energy Secretary, who opposes nuclear power. Does his hon. Friend the Minister of State have any confidence that new nuclear plants will be built? Will the Secretary of State chair the Nuclear Development Forum, or will that also be scrapped? If he does not want to support British manufacturers of components for new nuclear, how does he plan to encourage industry? Is he aware that in the real world where private finance is hard to come by, support through soft loans, tax breaks and procurement policies is commonly provided by our competitors?

In the run-up to the election, both parts of the coalition talked about the need to make Britain less dependent on financial markets and property speculators as the engines of growth. They talked about green investment banks. They talked the talk, but clearly they have no intention of walking the walk. Frankly, cutting investment in a highly skilled and productive British manufacturing company is economically illiterate. Last week the Minister talked about skills, and praised the chief executive officer of the National Skills Academy for Nuclear, John Llewellyn.

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Jean Llewellyn.

Joan Ruddock: I am grateful for the Minister's advice. I shall call him Mr Llewellyn—I do not know him.

Charles Hendry: She is a lady.

Joan Ruddock: I accept entirely that I have made an error, but I obtained the information from a good source, so I blame that source and not myself. I accept that the chief executive officer is a woman. I have never met her, but she praised the Northwest Regional Development Agency and said that the sector's collaboration in skills training with the agency's backing "was an example envied by other countries".

Will the Minister tell us his Government's intentions for that agency?

What is left? Is it correct that there will be no assistance with planning, no assistance with investment and no assistance with skills? I anticipate that the Minister's answer will be to create a floor price for carbon, something that we, of course, considered when in government. Unusually, I join the hon. Member for Angus (Mr Weir) in asking what progress has been made. How effective does the Minister believe he can be in trying to set a floor for a single member state, at what level might it be set and what might be the effect on energy consumers? What talks have he or his officials had with other member states on the functioning of the EU's emissions trading scheme and the carbon price? I can tell him that there is no easy solution.

The Labour Government transformed the UK's approach to energy security, and recognised the finite future of North sea oil and gas, the challenge of imports and the need dramatically to increase renewables in the face of climate change. We added to that mix the need for a new generation of nuclear power stations and the development of carbon capture and storage to enable us to burn clean coal. We put everything in place to achieve a low-carbon economy. This should be a time of great opportunity. Instead, it is a time of confusion, contradiction and lack of confidence. The Government have made a bad start.

I am grateful to my hon. Friend the Member for Glasgow North West for giving us all the opportunity to make these issues clear to the coalition, and I congratulate him and all other Members who have contributed to this debate. I look forward to the Minister's reply.

10.48 am

The Minister of State, Department of Energy and Climate Change (Charles Hendry): I welcome you to the Chair, Mr Brady, in this important debate, and I congratulate the hon. Member for Glasgow North West (John Robertson) on securing it. He has had an interest in this area of policy for many years, and we welcome his commitment. He delivered his speech with the degree of mischief that we have come to expect from him. I hope that we all approach the matter on the basis of needing to find common ground. In opposition, we approached the nuclear debate by asking how we could best co-operate with the previous Government's approach and how to take the matter out of politics. I hope that that approach will continue during this Parliament, because some of the most important decisions will have to be made during it. I will try to answer as many as possible of the points that have arisen during the debate, but if I do not respond to any, I will be more than happy to make an early appearance before the hon. Gentleman's all-party group on nuclear energy to try to provide the assurance that its members seek.

The hon. Member for West Bromwich East (Mr Watson) asked whether I would meet the trade unions. I have already had contact with some of them. They are all part of the family, and I am keen to work closely with them because they have a significant contribution to make on skills, safety issues and the whole approach to new-build nuclear in this country.

This has been a good debate and I am grateful for the kind comments that people have made to me personally—they normally say that they respect me just before disagreeing with virtually everything they think I might be about to say. This is perhaps a bit of a replay of the work of the Energy and Climate Change Committee, to

[Charles Hendry]

which I am sure we will return more formally in due course. We have heard some extremely useful contributions. My hon. Friend the Member for Folkestone and Hythe (Damian Collins) made an extremely impressive speech. He will understand that I am constrained in what I can say about Dungeness, but it is very encouraging indeed that it has such a strong advocate in Parliament for its interest and for the nuclear agenda more generally.

The hon. Member for Angus (Mr Weir) asked about the respect agenda. We absolutely understand that those planning issues are a matter for the Scottish Government, and it will be up to them to decide whether there should be new nuclear plants in Scotland. We have a fairly clear idea where they are coming from on those issues. The national policy statements covered only England and Wales, so the process for Scotland has not been considered, but if one talks to the investors, one realises they have essentially ruled out investment in new nuclear plants in Scotland for the time being. Many people will feel that that is a mistake and is unfortunate. However, we completely respect the position of the Scottish Government.

The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) talked about the range of other low-carbon technologies that we should also be considering. I agree with him. This is not just about nuclear; it is about marine development, in relation to which the United Kingdom is not taking the lead that it should. The issue is also about carbon capture and storage, and we must up the game in terms of our contribution to that. As he said, the matter is critically also about the offshore oil and gas industry and having policies in place that enable us to get the maximum potential out of the resources that are there. That is a central part of our national interest in relation to energy policy.

Mr Iain Wright: The hon. Gentleman commands the respect of all parties and I welcome him to his position. He mentioned the issues of nuclear on the one hand and renewables on the other. I agree with him that those matters are not mutually exclusive—in fact, a range of infrastructure is needed to have a degree of compatibility. In Tees valley in my constituency, there are great opportunities to have not only a nuclear power station but a range of renewable energy. What help and support can he give my area to make sure that we become a real centre of excellence and an engine for growth for energy policy in the UK?

Charles Hendry: I absolutely understand that it is not just a nuclear matter. The Tees valley can play a crucial role in the development of carbon capture in nearby Teesside, and there are also many offshore opportunities there. We want to try to find the best way we can to encourage a supply chain to invest in Britain. That is not always going to be through Government grants and subsidies, although there is a role for that and such an approach can make an important contribution. Other issues will also determine whether people invest in Britain. It is mostly—although not exclusively—international companies that will be making such investment, and there is a wide range of issues surrounding the regulatory and tax environment that will be central to whether they invest here. Nuclear is part of an overall approach. I hope I will have the chance to come up to Hartlepool to see some of those opportunities, and perhaps be shown around by the hon. Gentleman.

Some of the issues raised today have to be considered against the backdrop of the challenge that we face as a country. In the course of the next few years, we will see a third of our coal plant being taken out of commission because of the large combustion plant directive, and most of the rest will go as a result of the industrial emissions directive. Much of the remaining oil plant will also be closed because of those measures. Based on current plans, if there are not life extensions, apart from Sizewell B, the nuclear fleet will have closed down in little over a decade. We therefore have an incredible challenge to face.

The hon. Member for Glasgow North West, who introduced the debate, talked about £200 billion of new investment, which compares with about £350 billion of new investment in energy infrastructure in the other 26 nations of the European Union. We have a uniquely serious challenge, and part of the problem is that not enough has been done soon enough. If the five-year moratorium on nuclear had not taken place, we would obviously be five years further forward in the development of those plants. The pressure points in our energy security to which he and others have referred exist because we have not been securing enough investment at an early enough stage during the course of the process.

The coalition agreement is absolutely clear. By definition, a coalition agreement brings together people of differing views to work together for the national good, and that is what we are seeking to achieve. It has been made clear that nuclear will be part of the mix as long as that is done without subsidy. Above all, we have to know whether the industry itself is comfortable with that position and whether the people who will be required to invest billions of pounds in each plant are happy with that agreement. The discussions that we have had since the election suggest that they are comfortable with that arrangement and with the position of myself and the Secretary of State.

Some people opposed nuclear for philosophical reasons; others believed that it would not happen because it would never be economically viable. The Secretary of State has always questioned the economics. However, he is happy that if people come forward with an application for a new nuclear plant without subsidy, it should be part of the mix going forward. We have a clear position, which the investors themselves have been very keen to clarify and which they are now able to support. I hope hon. Members will give us the credence to work forward on that basis, because it is critical for investor confidence that they see a broad coalition in Parliament in favour of a future role for nuclear in this country.

We will go to great lengths to ensure that the taxpayer is protected—no subsidy means no subsidy. We are considering areas in which there may have been hidden subsidies and dealing with those. For example, we will certainly maintain—and reinforce if necessary—measures put in place by the previous Government to ensure that the operators of new plants are required by law to set aside money from day one to pay for the waste and clean-up process. The industries themselves will have to

carry out the investment, but the Government will be responsible for the regulation of the safety and environmental aspects that go with that.

The Office for Nuclear Development will continue its crucial work in trying to remove barriers to investment. I give the right hon. Member for Lewisham, Deptford (Joan Ruddock) an assurance that the Nuclear Development Forum will be a key part of taking that forward. It has been an extremely important part of that process, in which both the Secretary of State and I will be very involved. We want people to see that we are at one on these issues.

There has been much discussion of planning during the debate. A statement will be made to Parliament in the near future that will set out exactly how the changes will work. We want the national policy statements to be ratified by Parliament because that reduces the risk of judicial review and makes them stronger and more robust. We want investors to see that there is a strong majority in Parliament in favour of new build, as that sends a strong signal to their overseas boards. We will certainly take account of the representations made by Dungeness to be included in the list, but we will also give similar weight to the representations from community groups in areas concerned about new build, so that we can ensure that their views are fully taken into account. We are currently considering our response to the NPS consultation process and we will make it clear as soon as we can.

On the Infrastructure Planning Commission, we will be introducing a degree of democratic accountability. There will not be delays as a result of that process because we totally understand the urgency of driving these decisions forward, not just in nuclear but right across the board in the energy mix. However, we are keen to ensure that there is parliamentary accountability—again, because we believe that reduces the risk of judicial review.

John Robertson: Will the hon. Gentleman give way?

Charles Hendry: I hope the hon. Gentleman will understand that with just two minutes left, I shall do so for just a few seconds.

John Robertson: Will the hon. Gentleman mention Sheffield Forgemasters, because a number of colleagues have mentioned that matter?

Charles Hendry: I am grateful for that intervention. Other issues have also been raised, on which I will certainly write to hon. Members. On Sheffield Forgemasters, the decision was not a reflection of the quality of its workmanship or the nature of the company. We simply had to look across the board at a vast number of projects to which significant sums of money had been committed at a time when the nation could not afford it. Essentially the Government were having to borrow money to lend money. If one went to a bank and said, "I need an overdraft because I want to give more money to charity," the bank would question the wisdom of that approach.

Joan Ruddock: It is not a charity.

Charles Hendry: It is not, but the similarity in the situation I outlined exists. I am not suggesting that the money was for charity but, however good the cause, it does not make it right to borrow money when one cannot afford to do so. As a Government, we clearly recognise that the previous Government committed us to borrowings that we cannot afford. Sheffield Forgemasters is not a charity; it is a very important business and a key part of the Sheffield community. We will work with Sheffield Forgemasters, which has indicated that it is looking for commercial routes to make its plans possible. We very much want to see that happen, but we do not believe that it is possible to provide Government funding to do so. We will obviously want to return to some of the other issues, and I will certainly write to hon. Members on them. Once again, I thank the hon. Gentleman for giving us the opportunity to discuss such a crucial subject.

Northwick Park Hospital

10.59 am

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I am grateful for the opportunity to raise the future of Northwick Park hospital on the Floor of the House today. Although I have no financial interest to declare, I should declare that the hospital has looked after me and my family and friends at many points in my life, dealing with things ranging from running injuries through to dislocated shoulders as a result of canoeing accidents. I continue to be extremely grateful to the staff of Northwick Park hospital. Although no speech in the House could ever be regarded as anything other than political, I hope that this one will at least be judged to be not partisan. I have sought to give the Minister and my parliamentary neighbours notice of the issues that I intend to raise. I see in their places my hon. Friend the Member for Brent North (Barry Gardiner) and my immediate neighbour, the hon. Member for Harrow East (Bob Blackman).

Northwick Park hospital is the primary hospital serving my constituents. Mount Vernon and the Royal National Orthopaedic hospitals are nearby, but Northwick Park sees the vast majority of work involving Harrow NHS hospital patients. I want to raise with the Minister four issues: the case for capital investment for the rebuilding of the hospital; the ongoing revenue budget of the hospital; the hospital's move towards foundation hospital status; and whether the hospital will be designated as a major acute centre for north-west London.

The hospital is 40 years old, having been opened by Her Majesty the Queen in 1970. It has a certain celebrity status, having featured in, for example, the Channel 4 comedy "Green Wing", in "Prime Suspect" and—I suspect this will worry my constituents a little—in the 1970s horror film "The Omen". More recently, the hospital merged in 1994 with St Mark's hospital, a national centre that is world renowned for gastrointestinal medicine. Northwick Park is also home to the British Olympic Association's Olympic Medical Institute and, together with Central Middlesex hospital, forms part of the North West London Hospitals NHS Trust.

Northwick Park is in general extremely well run. After 13 years of substantial investment in the NHS, I now rarely receive complaints about the quality of care at Northwick Park. Its mortality rate—a crucial indicator of quality—shows Northwick Park to be one of the best hospitals in the UK. I pay tribute to its current management team and the trust board for a job that I think they are doing well.

The hospital provides a range of services that straddle acute and community care. It also provides a large range of important regional services, including maxillofacial services for all of north-west London and parts of the NHS Eastern and South Central regions; a neuro-rehabilitation medical in-patient centre for NHS London and the east of England; bowel cancer screening; clinical genetics; and a dedicated infectious diseases centre. If it is not the largest acute hospital in north-west London as a whole, it is certainly the largest in outer north-west London. It has a very busy accident and emergency department, is a key part of the Imperial College Healthcare NHS Trust trauma network and, crucially, was recently designated as one of eight hyper-acute stroke units in London. The decision to have an acute stroke unit there enabled the hospital to take a significant step towards formally securing designation as a major acute centre for north-west London. First, therefore, I formally ask the Minister, can he confirm that a journey that the hospital has been on towards designation as a major acute centre is complete and that crucial status has been secured?

Secondly, the trust board has faced and still faces a challenging financial picture, in part, as I understand it, because of the level of usage of the Central Middlesex site. The trust has succeeded in meeting many of its financial targets, but has faced pressure in part because of the impact of the polyclinic model of care and, more generally, the steady move of out-patient services from hospital settings into the community. I should make it clear that my constituents and I are strong supporters of the Rayners Lane polyclinic, run by the excellent Ridgeway Surgery group of GPs. Can the Minister confirm that there will be no cuts to Government funding for NHS London or, crucially, to NHS Harrow—the chief although not the exclusive source of funding for the hospital? Can he set out to the House how he sees the hospital's financial future?

Barry Gardiner (Brent North) (Lab): I applaud my hon. Friend for securing the debate and for all the remarks that he has made. Does he share my concern that we should hear from the Minister about the business case for £23 million that has been presented to the Department for a series of essential works as a result of the Arup review in 2009? Does he agree that it would be extremely helpful if the Minister could give us some indication about the outcome of that to settle the minds of our constituents?

Mr Thomas: I certainly agree with my hon. Friend. That maintenance work is essential, as I shall come on to say, and it would certainly be good to hear the Minister's reaction to that bid.

The third and most important of the issues that I shall raise today relates to the issue alluded to by my hon. Friend—the case for additional investment out of the NHS's capital budget for the redevelopment of the hospital. A fire in the hospital's basement in February last year led to the trust board commissioning a report into the maintenance situation at Northwick Park. It recommended up to £65 million of improvements to the infrastructure on the site to ensure that it remains fit for purpose. Indeed, on the basis of annual NHS estate returns, the trust has one of the largest backlogs of maintenance in London. It has been clear for a considerable time that a major redevelopment process is required.

In November 2004, a strategic outline case for redevelopment of the whole site was approved, and private finance initiative credits of more than £300 million were made available the following March. However, redevelopment did not start, on the grounds of the project's affordability. Various reviews of the PFI project, all crucially linked to an ongoing debate about levels of usage of both hospitals in the trust and therefore likely levels of income, have not yet led to enough clarity about how redevelopment of the hospital might proceed. I believe that it was not until February 2009 that the PFI project was formally cancelled.

There has been and remains, in my view, little doubt that major redevelopment of the whole site is required. Indeed, senior figures in NHS London have consistently accepted the need for a major rebuild. There is unfinished

business on the redevelopment of the hospital. I therefore ask the Minister, does he accept that the case for a rebuild is strong, and on what timeline does he envisage such a redevelopment taking place?

To be fair, the NHS has certainly not ignored Northwick Park. There has been significant capital investment in clinical and IT equipment; in reducing the backlog in maintenance and ward refurbishments, particularly in refurbishing maternity services; in a new children's centre and paediatric accident and emergency; in oral maxillofacial services; in bowel cancer screening; and, as I mentioned, in the new stroke unit. Indeed, more than £85 million of capital investment has been put into Northwick Park since 2005. There have also been more than 300 extra staff at Northwick Park, the bulk of them clinical, since 2005. However, the need for capital investment remains.

I should make it clear that I remain a very strong supporter of foundation hospital status. Its governance model will, I think, help to bring the hospital closer to those who use it. The mutual element of foundation hospitals has long been championed by the Co-op party, of which I am lucky enough to be the chair. In particular, I welcome the role of the board or council of governors that foundation hospitals have. The council of governors comes from staff, patients and members of the public and from other local nominating partner organisations, who together form a local membership base for such hospitals and can introduce a hugely important local level of accountability into NHS decision making. They also help to draw local people closer to what can sometimes seem a remote, albeit local, institution. There are other benefits to foundation hospital status, but it is that greater access to senior figures within the hospital, and therefore the greater sense of ownership of their local hospital, that will be of most long-term benefit to my constituents.

I therefore ask lastly of the Minister, when will my constituents be able to sign up to become members of the North West London Hospitals NHS trust? I have welcomed the opportunity given to me by the Speaker to put an issue of profound concern to my constituents before the House, and I look forward to the hon. Gentleman's response.

11.10 am

The Minister of State, Department of Health (Mr Simon Burns): I begin by congratulating the hon. Member for Harrow West (Mr Thomas) on securing the debate. I wish also to pay tribute to the NHS staff, not only at Northwick Park hospital but across north-west London, who do so much, day in, day out, to look after patients and, it turns out, the hon. Gentleman and his family. The staff consistently deliver first-class care, benefiting his and other hon. Members' constituents throughout north-west London.

Before I get on to the hon. Gentleman's specific points—I shall seek to deal with all the issues he raised—I wish to set out the general financial situation. All decisions around NHS funding need to be seen in the context of reducing the deficit. Despite the massive debt acquired from the previous Government, and the measures to rectify our situation, which are to be set out later today by my right hon. Friend the Chancellor of the Exchequer, the NHS budget is protected. More than that, it will receive real-terms increases in each year of this Parliament. That underlines the Government's commitment to the national health service.

However, the NHS still faces a huge challenge to improve patient outcomes and meet the increasing demand for services and new medicines within a tight financial settlement. North West London Hospitals NHS Trust, which runs Northwick Park hospital, is still dealing with long-standing financial difficulties. Two years ago, the trust was almost £24 million in debt. Since then, NHS London has been gradually helping the trust to return to economic stability, one step at a time. I know that clinical staff and managers are working hard to ensure that cost savings do not come at the expense of patient care. Savings can be and have been made by providing more effective and efficient care for patients, and by reducing the burden of back-office costs. Notable examples of cost savings by 2010-11 include: recruiting permanent staff to replace, and reduce reliance on, higher-cost agency staff; a 10% reduction across all corporate areas, such as finance, human resources and information technology; and improving procurement, principally through bulk buying and working in collaboration with the London procurement programme.

As well as savings, there are new investment proposals on the table, as the hon. Gentleman said. They aim to address the essential and immediate needs of the hospital, and to improve the fabric of the hospital and the facilities on offer to patients. If approved, the programme will complement other investments in recent years, including: the £4.1-million new hyper-acute stroke centre, which he mentioned; the £6.7 million for three dedicated elderly care wards; and a £4.3-million bowel cancer screening hub based at Northwick Park—one of six such hubs across London.

The total value of the proposed programme is £65 million, with most of the money coming from the existing budget. A business case for the additional £23 million needed—a point that the hon. Member for Brent North (Barry Gardiner) raised—was submitted to NHS London for approval on 7 June. After careful consideration, the hospital trust was asked to improve the bid. NHS London received the strengthened business case last Friday, and we hope that it will be ready for consideration by the Capital Management Group on 25 June, a little later this week. If the business case is approved, my Department will then thoroughly consider the loan application from NHS London. Let me be clear: my officials will need to see a sound and credible recovery plan before they can agree to the investment.

I am afraid that I cannot give a specific time when a final decision will be reached, but we are acutely aware of the urgency of the issue, and we will reach a conclusion as quickly as we possibly can. I hope that that reassures both the hon. Member for Harrow West and the hon. Member for Brent North.

Mr Thomas: Can the Minister give a guarantee that he will write to the three hon. Members present—there is one behind him—to let us know the outcome of that bid, ideally in advance of any public notice?

Mr Burns: I can categorically give the hon. Gentleman an assurance that at the appropriate time, before the announcement, I will make sure that my office contacts all three hon. Gentlemen present to ensure that they have advance notice of it.

On the question of foundation status, the hon. Member for Harrow West raised the possibility of North West London Hospitals NHS Trust attaining foundation status.

[Mr Simon Burns]

The Government strongly support all trusts that aspire to that aim. Foundation-trust status enables the local NHS to develop stronger connections with communities, so that health care better reflects patient needs. It also creates the conditions for improving performance, which can only benefit patient care. More than half of all eligible NHS trusts are now foundation trusts, but we want to go further. We want to reduce Government control over the health service and set trusts free to innovate and take decisions based on what is right for their local populations. That includes North West London Hospitals NHS Trust.

The trust serves its population well and delivers good-quality care, as the hon. Member for Harrow West mentioned, but to step up to this new challenge, the trust needs to establish a solid financial foundation and needs to gain the support of GPs and commissioners. Bearing that in mind, I understand that the trust is likely to apply to become a foundation trust in 2012, and I wish it well in its application.

Barry Gardiner: I am grateful to the Minister for giving way; he has been most generous. He talked about building the confidence of local commissioning GPs. My understanding is that under his Department's new arrangements, the ring-holder for the GP commissioning groups set up under the auspices of Brent primary care trust—I am sure the same applies in Harrow also—will no longer be the primary care trust. How does he propose that those groups of private businesses avoid the risk of being providers of services that they commission? Who will hold the ring, as the PCTs used to do?

Mr Burns: The hon. Gentleman is tempting me to go down a path that it would be unwise to go down at this stage. The reason I say that, and why I will not be tempted, is that as he is probably aware, my right hon. Friend the Secretary of State and my ministerial colleagues are doing a considerable amount of work putting together and fleshing out our vision for the NHS, not only for the next five years but thereafter—a vision that puts patients at the heart of the NHS and that is driven by the needs and improved care standards of patients. It would be inappropriate and wrong of me to succumb to temptation and to start to unveil, in this august debate, what my right hon. Friend the Secretary of State will announce in due course. The only good news that I can give the hon. Gentleman is that he will not have long to wait before all these mysteries are explained to him, and I am confident that he will be reassured and pleased by what my right hon. Friend the Secretary of State has to say.

Bob Blackman (Harrow East) (Con): One of the key issues for Northwick Park hospital is how it deals with both Brent and Harrow primary care trusts. Both are in desperate financial straits, as I think hon. Members would agree. My concern is how that will be manipulated for Northwick Park and St Mark's hospital trust in the future.

Mr Burns: My hon. Friend raises an interesting point. It is true, as I hope I have explained, that there have been challenges for the North West London Hospitals NHS Trust with regard to its finances in recent years. However, as I explained—I will go into more detail on this later—measures are being put in place to seek to minimise the problems. I can assure my hon. Friend that when it comes to dealing with PCTs, trusts and the finances, I do not recognise the word "manipulate" as being in the lexicon. Everything is done to ensure that the maximum amount of money is made available to PCTs and trusts, to ensure that we protect front-line services, and to provide the best health care possible for my hon. Friend's constituents and those of all hon. Members throughout the country.

Barry Gardiner: I wish to correct any suggestion that Brent PCT is in any way financially embarrassed. *[Interruption.]* My hon. Friend the Member for Harrow West (Mr Thomas) wishes to correct any such suggestion for Harrow as well. Three years ago, Brent PCT was running a deficit of more than £20 million. It took the necessary measures, and that deficit has now been turned into a surplus of £12 million.

Mr Burns: I appreciate what the hon. Gentleman says. I am sure that my hon. Friend the Parliamentary Secretary, Cabinet Office, will have taken that on board, and the record will certainly reflect the accurate assessment that the hon. Member for Brent North makes of the situation. However, it is fair to say, particularly in the case of the constituency of the hon. Member for Harrow West, that there has been a problem with the finances. As I said earlier, the requests for a loan and for money that are being considered reflect a need to bring finances into better alignment without affecting front-line services. I am hopeful—probably a bit more than that—that, with the actions that have been taken and the proposals that are awaiting decisions, there will be positive movement.

I come to the point raised by the hon. Member for Harrow West about new hospital build. He mentioned his desire to see completely new build at Northwick Park. As he knows, plans were put forward in 2004 to build a brand new £305-million hospital for his constituents. In 2005, at an early stage of the business case and planning application processes, the plans for the scheme were put on hold by the trust and the local PCTs due to concerns about their affordability. After more than a year on hold, the proposals were formally cancelled by the Department in the summer of 2008. That is standard procedure for schemes that are not progressing and that have been put on hold for a specified period of time. I am afraid that those limitations remain. While the trust is working hard to achieve financial stability, I regret to say that it is still a long way from realistically being able to afford such a large building project.

The hon. Gentleman also raised the issue of designating Northwick Park hospital a major acute centre within the context of the north-west London sector review. The proposals, which I understand are still at a very early stage of development, would need to pass the Secretary of State's four tests. They would need the support of GP commissioners; the support of the local community; to be evidence-based; and to develop patient choice. That relates to the decision that the Secretary of State took a few weeks ago to strengthen the criteria for considering any reconfiguration by placing more emphasis on gaining support following full consultations with GPs, clinicians and local stakeholders. I am sure that the hon. Gentleman, being a reasonable man, would

accept that that is a sensible improvement, with regard to seeking to reconfigure health patterns throughout the country and to ensure that the local community and the clinicians and GPs who deliver the services have more say and influence over what happens.

The hon. Gentleman requested a commitment from me, but there is not a lot that I can tell him at present, because the proposals are at such an early stage. What I can tell him—I hope this will go some way towards reassuring him—is that all proposals, when put together as a final package for consideration, will be fully considered in the context of the Secretary of State's criteria, and a decision will be taken at the appropriate time.

Mr Thomas: I should acknowledge the presence at this debate of the hon. Member for Ruislip, Northwood and Pinner (Mr Hurd), who represents the fourth constituency with a strong interest in Northwick Park hospital. I am indeed a reasonable man, and the Minister has a reputation for being a reasonable man, so will he meet with those of us who are interested in the future of Northwick Park within a minimum of 12 months to review some of the issues that we have discussed today, and particularly the affordability or otherwise of any significant rebuilding of the hospital?

Mr Burns: I am grateful to the hon. Gentleman. He is a knowledgeable man who knows that flattery usually gets one everywhere. I cannot resist flattery. It would be a considerable pleasure to meet him and any of his or my hon. Friends. If he would be kind enough to get in touch with my office, a meeting will be arranged in the not-too-distant future.

In conclusion, the Government have made a clear commitment to protecting the NHS and to ensuring real-terms increases in funding. There remains, however, a responsibility on all parts of the NHS to be innovative, to become more efficient, and to reinvest the savings that they make to improve quality of care for patients. North West London NHS Trust shares that responsibility, and must continue to rise to the challenge. We will consider all the proposals that we receive very carefully and will reach a decision as quickly as we can. Moreover, we will work with the trust to achieve ongoing improvements for the constituents of the hon. Members for Harrow West and for Brent North, and those of my hon. Friends the Members for Ruislip, Northwood and Pinner (Mr Hurd) and for Harrow East (Bob Blackman). I hope that we will be able to consider the issue further when I meet the hon. Member for Harrow West.

11.28 am

Sitting suspended.

Health Funding

[Mr Mike Weir *in the Chair*]

2.30 pm

Andrew George (St Ives) (LD): I am particularly pleased to have secured this important debate on health funding. I know that the allocation of funding has an impact on a large number of colleagues, particularly those from the north, the midlands and the south-west. I welcome the Minister of State, Department of Health, the hon. Member for Chelmsford (Mr Burns) and the shadow Minister, the hon. Member for Kingston upon Hull North (Diana R. Johnson), to their new posts, and I look forward to their responses.

Although the title gives the impression of a wide-ranging debate, I shall concentrate on a more narrowly drawn issue—the decisions that lie behind the way in which funding allocations for primary care trusts are made. In doing so, I refer to a debate in this Chamber on 18 March 2009 led by the then Member for Wigan and a debate in the House on 17 June last year that was led by me, both on this and related subjects.

When talking about health funding allocations, we speak of the NHS as a national service. The assumption is that funding is provided according to need, and most assume that it is allocated fairly and according to need; but as I have found during my years in Parliament, we may be assuming too much. The funding allocation formula has been reviewed and finessed over time since the inception of the NHS in 1948. However, 13 of the 52 PCTs in the country now receive funding at the floor of 6.2% below target funding. That is many millions of pounds. For example, the Cornwall and Isles of Scilly PCT receives at least £56 million less than the Government admit is needed or should be allocated. The funding formula was most recently altered for the year commencing April 2009.

The purpose of the allocation formula is to make changes on the most objective basis and, as far as possible, to take the matter out of the hands of any political influence. I admit that funding allocation—the weighted capitation formulas and so on—are some of the most dry areas of political debate one can imagine, but I do not apologise for briefly relating their history from the creation of the NHS. Then, of course, people made allocations as best they could in the circumstances, given the uneven pattern of hospital building in the previous century.

In 1970, the Labour Government's Green Paper on NHS reorganisation included a commitment to a new method of resource allocation. The basic determinant of funding allocation was to be the population served by the area, modified to take account of relevant demographic variables and underlying differences in morbidity. That led to the development of the so-called Crossman formula. Over time, the formula changed to one in which allocations were made according to population, weighted by age, sex and the number of beds and hospital cases. That was further reviewed in 1974 by the resource allocation working party; the result was the transfer of resources from regional health authorities in the south-east to those in the north. The formula was further revised in the early 1990s, and that change resulted in resources being shifted back from the north to the south-east.

[Andrew George]

One significant element of the formula that has always caused concern to those in parts of the country such as mine was the market-forces factor. It was introduced in 1976, but was significantly altered in 1980 by the advisory group on resource allocation. That informed allocations from 1981-82. It based its recommendations on the new earnings survey, the annual assessment of average wages and salaries in all parts of the country. Cornwall has been at the bottom of the new earnings survey ever since.

What vexed us and others concerned about the allocation of health funding under the market-forces factor was that the poorest-paid areas received the least money. Salaries accounted for about 70% of the market-forces factor, which meant that they had a significant impact on the overall allocation and weighted capitation. Those areas with lower wages therefore suffered; salaries in an area would drag health funding down if they were low.

Throughout the entire debate on the change, we told the Government's advisory committee on resource allocation that that was clearly unfair, especially as most of those employed by the NHS were paid according to national pay scales. Even those working in the grounds, including those doing building maintenance work, were receiving good money. We felt that the premise on which the calculation was made was unsound. Over the years, we have argued with the Government over the matter. Latterly, however, we persuaded the Government to review the market-forces formula. That review resulted in a change in the funding formula from April 2009.

There is one major element that adds to costs in places such as my area of west Cornwall and the Isles of Scilly. The area includes five inhabited islands—six including St Michael's Mount—and two substantial peninsulas. It is difficult to provide access to services in that area; providing ambulance services, NHS dentistry and other health services in such a rural context is clearly a great deal more expensive than in suburban or urban areas, but that aspect is not properly taken into account in the funding formula.

On the social side, the impact of salaries and so on, we were pleased that the review resulted in a change in the funding formula for 2009. However, it identified a new set of losers—the 13 PCTs to which I referred earlier, which are currently at the floor of 6.2% below the national target.

Cornwall is £56 million below its target. In the south-west, Somerset is nearly £21 million, or 2.6%, below its target; Plymouth is £26 million, or 5.9%, below target; Devon is over £12 million, or 1%, below target; and Torquay is nearly £9 million, or 3.4%, below its target. Other areas with substantial, gross gaps in funding—those in the minus 6.2% league table—include Derbyshire, which has nearly £73 million less than its target; Lincolnshire, with £74 million less than its target; Nottinghamshire, with £65 million less than its target; and South Staffordshire, with £57 million less than its target.

In contrast, other PCTs receive more than their target and are overfunded in comparison with that target. The vast majority of those fall within the south-east. Surrey receives £171.5 million, or 11.6%, more than its target; Westminster receives £81 million, or 20%, more; Lambeth receives £78 million, or 14.8%, more; Wandsworth receives nearly £65 million, or 14.4%, more; and Kensington and Chelsea receives more than £60 million, or 20.4%, above the target funding. That contributes to health inequalities across the country. I would like the Minister, whom I am looking forward to hearing, to respond to the question of how we are going to ensure that the allocation of funding meets those targets, and does so as soon as possible.

Health Ministers in the previous Government made it clear that we need to be careful not to make catastrophic funding changes to PCTs receiving more than their allocated funding target. Withdrawing funding too rapidly would seriously impact on the health services in those areas. Nevertheless, a formula must be put in place to ensure that those places currently under target are not disadvantaged by remaining under target. For example, this financial year, Cornwall was 6.2% below target and remained there, so we are not moving very rapidly towards our target.

In the previous Parliament, the then Minister of State, Mike O'Brien, said:

> "We are committed to moving all primary care trusts (PCTs) towards their target allocations as quickly as possible. In 2009-10 and 2010-11, we have ensured that the most under-target PCTs benefit from the highest increases in funding. Over those two years, the allocation to Cornwall and Isles of Scilly PCT will grow by...12.1 per cent., compared with the national average of 11.3 per cent...The rate at which PCTs will move towards their target allocation in future years will need to be considered in light of a number of factors including population changes, cost pressures and the overall resources available to the national health service."—[*Official Report*, 30 November 2009; Vol. 501, c. 529W.]

This financial year, Cornwall has not moved one iota towards its target, which does not really amount to PCTs moving to their target allocations "as quickly as possible".

Sarah Newton (Truro and Falmouth) (Con): It is marvellous that Andrew has secured this debate so early in the new Parliament, because this is an important issue for everyone living in Cornwall. I applauded the previous Government's efforts to focus on closing inequalities in health. However, their measure of success, which focused on average life expectancy, did a great disservice to people in Cornwall, as it masks a lot of the problems there. On the face of it, the average life expectancy is way above the national average—

Mr Mike Weir (in the Chair): Order. I remind the hon. Lady that interventions have to be brief.

Sarah Newton: I shall wind up, then. The crude measure of average life expectancy covers up many problems of poor health and the cost of providing services in remote, sparsely populated areas to an ageing population.

Andrew George: I am grateful to my hon. Friend. She rightly highlights that many factors, including life expectancy, rurality and age profile, need to be taken into account, and we must get the balance right. The history of the changes to the allocation formula—not something I would recommend as bedtime reading—shows that all the factors have been conjured with and balanced over time. It is difficult to arrive at a formula satisfactory to all people.

I want to emphasise the fact that we need to identify and make the allocation formula clear. We need to be able to show that it takes into account the health inequalities across the country and, above all, does not further impoverish the most deprived areas. I represent the poorest region in the UK, yet its poverty was used as a reason not to give it additional funds. Its poverty acted against its best interests, which would have been additional funds, as I explained in my description of how the market-forces factor operated and the impact that it had in some areas.

It is difficult to assess what impact the Budget will have on the future of the PCT allocation formula so soon after the statement, which was made in the Commons today. The NHS Confederation recently estimated that the announcements made by the coalition Government indicate a real-terms reduction of between £8 billion and £10 billon in funding to the NHS in the three years from 2011. According to the King's Fund, a rise in VAT will lead to an additional cost of £100 million per annum to the NHS budget overall.

My hon. Friend the Minister will no doubt ask where we will find the money to provide additional resources for deserving areas such as Cornwall and the Isles of Scilly, Bassetlaw, and South Staffordshire, and the other places that receive allocations that are further below their target than those anywhere else.

Mr Iain Wright (Hartlepool) (Lab): Will the hon. Gentleman give way?

Andrew George: I will happily give way, because I asked myself a difficult question and I had better sit down.

Mr Wright: I am grateful to the hon. Gentleman for securing the debate and for giving way. He has been an extremely tenacious campaigner on health inequalities and housing, a subject on which I used to speak for the Government in a previous life. What are the hon. Gentleman's views on the relationship between resource allocation and capital spend? It is an important subject to bear in mind when trying to iron out health inequalities. He mentioned the Chancellor of the Exchequer's Budget statement, which said: "Well judged capital spending by Government can help provide the new infrastructure our economy needs to compete in the modern world." If we put that in the context of reducing health inequalities, is it not important to have good capital spend in health? Does the hon. Gentleman share my disappointment at the £463-million cancellation of a new hospital for North Tees and Hartlepool?

Andrew George: I thought that the hon. Gentleman would use a local matter as a sting in the tail in his intervention. Let me commend his work on housing, which deserves a great deal of credit. With regard to capital spend, I was never terribly enamoured of the previous Government's enthusiasm for the private finance initiative projects that were put in place across the country; they did not represent value for money. Having said that, I acknowledge that some difficult decisions need to be taken. I am sure that the hon. Gentleman's point about his hospital will be heard by Ministers, and that he will be as tenacious in mounting a campaign to ensure that the right decision is taken as I have been on the issue of health funding, and on other issues.

As far as the health allocation formula is concerned, Hartlepool's funding was 4.3% below its target, so the hon. Gentleman may wish to join the campaign to ensure that the areas furthest from their target achieve their target as quickly as possible. The PCT and the health community in that area may well be able to address their need for capital investment by ensuring that their revenue and allocations are increased by means of our campaign.

The difficult question that the Minister will be asking himself is where will the additional resources be found if areas such as Lambeth, Richmond, Westminster and Kensington and Chelsea are not to have the rug pulled from under them. Part of the answer lies in looking at how the last Government spent their money. There was an obsession with centralised, top-down and quite expensive projects, such as the alternative providers of medical services—or polyclinics, as some people have called them—and the independent treatment centres built across the country, which have never given value for money. A lot of money has also been committed to the NHS information technology programme. I urge the Minister to look at that, and at other such areas, to find the funding, and to give that funding to the PCTs. The PCTs can then decide how best to use their resources, rather than having decisions made for them in Richmond House.

Many issues in Cornwall need a great deal of further investment and support, including ambulance response times. Of course, given our geography, we do not expect to have the quickest ambulance response times in the country, but we would like resources to be put in place to ensure that the ambulance service can at least begin to address some of the deficiencies in the service at present. The NHS dentistry service in Cornwall is one of the most threadbare in the country. Given how difficult it is to see an NHS dentist in most of my constituency, and in many other parts of Cornwall, there would be massive benefits to improving the service there. Other such areas include: cancer screening and prevention; better support for the rehabilitation of stroke patients; improving the functionality of mental health services by ensuring greater availability of therapists and a greater ability to meet demands for treatment; improvements in psychological therapy support for armed forces veterans—provision is clearly insufficient in Cornwall, as in other areas—greater support for dementia; expanding physiotherapy; and improving and investing in the midwifery services in Cornwall, which are overstretched.

In closing, I want to ask the Minister a few questions that hit the bull's eye of the issue. Bearing in mind that the NHS budget will be protected, how soon will the Government ensure that the funding shortfall in the most underfunded areas of the country is removed? I mentioned the 13 PCTs that are 6.2% below their target; do the Government see those targets as genuine targets to hit, or just as something for the Department to take note of? What is the Government's policy on the pace of change in the most underfunded areas, and what will be the pace of change in future?

I know that a number of other hon. Members wish to contribute to this debate, so I will resume my seat now. I look forward to the Minister's response.

2.55 pm

Sarah Newton (Truro and Falmouth) (Con): I add my support for all the things that Andrew has said. I should like to touch on two ways in which my constituency is affected by the underfunding of the NHS in Cornwall. First, there is the considerable debt that has been acquired by the Royal Cornwall Hospitals Trust. Andrew and I have three hospitals in our constituencies.

Mr Mike Weir (in the Chair): Order. Let me remind the hon. Lady that she should refer to a Member by their constituency, not their name.

Sarah Newton: I am very sorry. You will have to forgive a new girl, Mr Weir. I will try much harder next time I speak. It is the first time that I have had the opportunity to speak in a debate, so I apologise for my mistake. As I was saying, the hon. Member for St Ives (Andrew George) and I share, in our constituencies, the three hospitals that are part of the Royal Cornwall Hospitals Trust. It is interesting to note that there has not always been below-target expenditure in Cornwall.

Mr Mike Weir (in the Chair): Order. I am sorry to intervene on the hon. Lady again. She did say that this was the first time that she had spoken in a debate. She cannot speak here unless she has made her maiden speech in the main Chamber. Has she made her maiden speech in the Chamber?

Sarah Newton: It was my understanding that the rule had been waived because of the huge number of new Members waiting to make their maiden speeches. I have not yet made my maiden speech.

Mr Mike Weir (in the Chair): I thank the hon. Lady. That has not been communicated to me, but if that is the situation, I will let her continue.

Sarah Newton: Thank you, Mr Weir. I appreciate your generosity, because the issue is of vital importance to my constituency.

It is interesting to note that there has not always been below-target funding in Cornwall. If we go back to 1997-98, we find that the funding allocation was just below the average and the hospital trusts in Cornwall were not in debt. A great gulf has arisen over the past 10 years, as has the debt that has accumulated at the Royal Cornwall Hospitals Trust. There are issues and problems at the trust, but the severe financial pressures that it has had to bear because of the unfair funding allocation over the past 10 years have definitely contributed to them, and those pressures are standing in the way of it acquiring foundation status, which would enormously improve its ability to provide excellent care to the people in Cornwall.

The other factor that I should like to mention arises from our geography. It is difficult for people in Cornwall to get to a dentist or a hospital. We have good access to GPs; most people can access a GP within a couple of miles from their home, but not a dentist or hospital. As part of a recent survey undertaken by Citizens Advice Cornwall and Age Concern, 411 people filled in questionnaires on how easy or otherwise it was for them to get to hospitals. The survey showed that a significant number of people are prevented from attending hospital by the costs involved. Of the 411 people who responded, 35 reported that the cost of getting to a hospital stopped them from attending a clinic; 28 said that it prevented them from accompanying someone to hospital; and 115 said that it stopped them from visiting friends or families.

Although I welcome the Secretary of State's revision of the NHS operating framework yesterday, I hope that future revisions will include an examination of the whole issue of hospital transport. I say that because there is significant evidence to show that the current scheme is not always widely understood by constituents, and that some aspects of it do not work very well for people in remote rural areas who struggle to gain access to a car or public transport to get to hospital. Also, the costs involved are quite considerable for the large numbers of people living on low and fixed incomes in our part of the world.

3 pm

Mr Iain Wright (Hartlepool) (Lab): I want to reiterate what I said earlier in an intervention and congratulate the hon. Member for St Ives (Andrew George) on securing what I think is a very important debate; it is important not only in the south-west but across the country.

I also want to congratulate the hon. Member for Truro and Falmouth (Sarah Newton) on what I think might be her maiden speech, although I am not entirely certain that it was. *[Laughter.]* I imagine that she will be as tenacious as the hon. Member for St Ives, her close parliamentary neighbour, in ensuring that she stands up for the interests of her constituents.

I want to make two or three key points about health funding issues that are affecting my constituents. The first point relates to something that the hon. Member for St Ives said; he has obviously done his homework and knows his brief incredibly well in this area. As he said, despite great improvements in recent years Hartlepool primary care trust is still some distance from its funding target. It is about 4.3% below its funding target, which is about £7.7 million. In the last two years, 5.5% more funding was provided year on year, but we still have some considerable way to go. I just want to press the Minister on the question asked by the hon. Gentleman—how far and how fast can we move to get to the funding target for deprived areas such as Hartlepool?

The second issue that I want to mention is access to health care and funding for health-care-related transport. The hon. Member for Truro and Falmouth made a telling point about how important it is that people should have access to transport in rural areas, to enable them to access health services. I certainly have that situation, to some extent, in my constituency. Hartlepool is a very urbanised constituency—one of the most urbanised in the country. However, we have outlying villages, such as Dalton Piercy, Elwick and Greatham, which I am thinking about in particular. In the last 12 months or so, Greatham's nurse-led clinic has been closed, largely on clinical grounds rather than because of cost-cutting exercises. Nevertheless, I think that finance has still had a role to play. I have tabled a number of parliamentary questions about the provision of nurse-led clinics in rural areas and the Government, in their written responses, have said that they are very much committed to those clinics. But I want to know from the Minister what extra assistance will be given to residents of Greatham and other rural areas, which can really

help communities to have access to health care—both preventive health care and care related to reactive clinical outcomes.

The third issue that I want to mention is the appalling health inequalities that we still have in Hartlepool, despite the improvements that we have made in recent years. A person is more likely to die earlier if they live in Hartlepool than if they live anywhere else in the country, with the possible exception of Easington, which is next door to Hartlepool. In certain parts of my constituency, particularly Stranton ward, the difference between the local life expectancy for men and the national life expectancy for men is 11 years; a man living in one of those parts of my constituency will die more than a decade earlier than if he lived in other parts of the country. That issue needs to be addressed, not only through funding but through reconfiguration of services so that they are really patient-led.

That brings me to my final point, which is my most relevant point at the moment. It is about the announcement made by the Chief Secretary to the Treasury on the Floor of the House last Thursday about the cancellation of the £464 million new hospital for North Tees and Hartlepool. That hospital was something like a decade in planning; it was not thought up in the last two months before a general election campaign. There has been an awful lot of pain with regard to reconfiguration of health services in Hartlepool. The issue dominated the by-election that I won to come to this House. It has been extremely painful for the community to get to this position, but with one swift swish of a pen we are back to square one, with no real vision about where we go to for hospital services north of the Tees in my area. With the co-operation of neighbouring primary care trusts, we are embarking on what is known as the momentum programme, whereby we are pushing services closer to the community. That has an impact on health funding allocation. What reassurance can the Minister give that we will receive additional services and additional resources, so that the momentum programme can go further and faster in pushing health care into the community?

Also, with regard to the cancellation of that hospital and with regard to the idea that we do not have a plan B—there is nothing in place—can the Minister provide me with a degree of reassurance that support will be able to maintain the existing North Tees and Hartlepool hospitals? Is that the way that his Department is suggesting that we are going? If so, that would be at odds with the clinical recommendations from the independent reconfiguration planning of a number of years ago. It was recommended that we should have a new world-class hospital, which could serve the communities of Hartlepool, Easington, Stockton and Sedgefield.

I hope that the Minister will agree to meet me and my neighbouring MPs, so that we can discuss these issues and ensure that the health inequalities and the uncertainty that has been created by the announcement last Thursday can be addressed; so that the concerns of my constituents and those of people in neighbouring constituencies can be addressed; and so that we can really begin to address health inequalities in the north-east.

3.5 pm

Diana R. Johnson (Kingston upon Hull North) (Lab): It is a pleasure to serve under your chairmanship, Mr Weir. I congratulate the hon. Member for St Ives (Andrew George) on securing today's debate. From my reading in preparation for the debate, I know that this is an issue that he has taken up over many years during his time in Parliament and that he is a very committed campaigner for health funding for his local area and the wider area of Cornwall. I welcome the Minister of State, Department of Health, the hon. Member for Chelmsford (Mr Burns), to his role and wish him well in his new position.

It has been very interesting to hear the contributions of the two Members who have also spoken in the debate today, the hon. Member for Truro and Falmouth (Sarah Newton) and my hon. Friend the Member for Hartlepool (Mr Wright). As my hon. Friend said, I want to congratulate the hon. Member for Truro and Falmouth on her maiden speech, if that is how it is going to be seen. Like the hon. Member for St Ives, she is making a very strong case for her constituents and ensuring that there is an advocate for them in this House who stands up for the real health funding that is required for people in her constituency.

It was also very interesting to hear what the hon. Member for St Ives said about some of the different criteria that have been used to allocate funding and about some of the tensions that exist when one looks at some of those criteria. I hope that I shall have an opportunity to say a few words about those tensions shortly.

My hon. Friend the Member for Hartlepool made some very pertinent points about the need to get to the target for health funding for primary care trusts. I noted that he said that his constituency was 4.3% below the funding target. As a result, I had a quick look to see where my primary care trust was in terms of being on target. It is actually 6% below target, so we are just above the group of PCTs that the hon. Member for St Ives referred to, which are 6.2% below the funding target.

It was also very pertinent to raise the issue of access to health services, and of course there is a funding implication to that issue. If we want to have services out in the community, there is a need to look at how funding is allocated and at the issues related to health inequalities. It is not acceptable that there are still parts of this country where the mortality rates show that men in particular will live for fewer years than men born in the south of England. I know that in the north there are real concerns about that issue.

Very importantly, there is also the issue of hospitals and capital funding. I know that that is mainly about PCTs' revenue funding, but we need to keep an eye on what happens to capital funding. Of course, the hospital at Hartlepool that my hon. Friend the Member for Hartlepool mentioned has been in the planning for a very long time and there has been a huge investment in it, through the PCT and other people and other organisations in that area ensuring that it was really going to deliver for local people.

Therefore, I am particularly concerned about the cancellation of that hospital, especially in the light of the reassurances that were given by the new coalition Government that the cuts that they would make this year would not to be to front-line services and that, as I understood it, they would protect hospital builds. So it would be very helpful if the Minister could say a little

[Diana R. Johnson]

more about his view of how the cancellation of the Hartlepool hospital fits in with the agreement not to cancel front-line services.

The main thrust of the debate is the funding of health services in Cornwall, and I have looked with interest at what the hon. Member for St Ives has said about it previously. Today I also had a quick look at his website, where he trails the debate and says that he is looking to secure an additional £56 million of funding for his area. He also says:

"The Conservatives created a system of endemic underfunding. Now they are in Coalition they can put this right."

The press cuttings prepared by the Library for the debate also include an article from *The West Briton* of 10 May, in which he says:

"The coalition is already starting to deliver many outcomes which Cornwall has craved."

I admire his positive view of what the new Government will deliver for him and his constituents and I very much hope that he is correct.

What the coalition Government have said so far about the NHS is quite limited. Section 22 of the coalition agreement sets out their priorities for the NHS, and the first bullet point says:

"We will guarantee that health spending increases in real terms in each year of the Parliament".

Paragraph 21 of the revision to the operating framework for the NHS in England for 2010-11, which was published just yesterday, reiterates that commitment, and I have just heard the Chancellor of the Exchequer make it clear in the Budget debate on the Floor of the House that the commitment remains.

Of course, that is just the headline, and we do not actually know what it will mean for services in the NHS in England in the coming years. Obviously, the Minister will be working hard on the comprehensive spending review over the summer months. He will be looking at how he can make sure that his Department secures all the resources that it needs to ensure that the view of the hon. Member for St Ives that he will get his £56 million comes to fruition. The written reply to a question that the hon. Gentleman tabled to the Minister contained a commitment just to increase spending

"in real terms in each year of the Parliament." [*Official Report*, 7 June 2010; Vol. 511, c. 47W]

We really need to have the detail. I accept that it is very early days for the Minister, who has been in office a few weeks, and that the coalition Government are still trying to sort out their policies on NHS funding.

The hon. Member for St Ives made a clear and effective case for raising the funding for his constituency and primary care trust. There have been many written questions and debates on the issue, and I pay tribute to everybody who has been involved in the campaign to get additional resources into the primary care trust and into Cornwall. I also pay tribute to the staff, who are working hard day in, day out with the resources that they have.

Funding is obviously a key issue. The hon. Gentleman has given us quite a detailed canter through the historic reasons why we are where we are on funding, which was very interesting, but many of the views about why there is underfunding in certain constituencies and areas point to the 1970s as the time when allocations perhaps did not work in quite the way that they should have. That is the view that comes out of the debates and explanations about the current funding criteria.

At this point, it is worth reflecting on how the NHS has changed over the years. Patients now want access to high-tech, specialist services with the best nursing and clinical advice. There is also a tension around the fact that people want services much closer to home—in their local GP surgeries or at home if at all possible.

The Minister of State, Department of Health (Mr Simon Burns): I was just reflecting on what the hon. Lady said before she got to this section of her speech. I must gently remind her that her party was in power for 13 years and introduced the funding formula that the hon. Member for St Ives (Andrew George) is complaining about. Having put that on the record, I beg to ask why the last Labour Government did nothing in those 13 years to remove the problem facing Cornwall and the Isles of Scilly.

Diana R. Johnson: I am grateful that the Minister intervened on me, because I am coming to that. I recognise, as the hon. Member for St Ives probably does, that where we are today might not be perfect, but the previous Labour Government made huge strides in terms of putting money into his area and others that were underfunded. The statistics show that there have been significant improvements since 2003-04, when some PCTs were 22% below target; now the figure is 6.2%, so there has been movement. I am not saying that everything done under the Labour Government was done as fully as we would have liked, but it would be interesting to hear what plans the Minister has to target the pace of change and how soon he feels we will reach the target level for all PCTs. We have to recognise, as I am sure the hon. Member for St Ives does, that taking money from other areas of the country in one fell swoop is not the best way to have a stable national health service.

Andrew George: If the hon. Lady rereads what I said earlier, she will see that I very much acknowledge that. Just to reassure her and, indeed, the Minister, let me say that it was in fact 1980 when the impact of the market forces factor changed quite significantly and created the detrimental impact that I described. Yes, I did make some disparaging remarks about the then Conservative Government and I welcomed the additional funding that the Labour Government put in, which I voted for and the Conservatives did not; that is a matter of record. However, I simply urge the hon. Lady to recognise that the formula change, which I fully applaud the last Labour Government for introducing, puts a responsibility on whichever party is in government to ensure that underfunded areas receive their target funding as quickly as possible.

Diana R. Johnson: We can probably agree that history is history. We are where we are today, and we need to make sure that we move forward as quickly as possible to get to the point that we all want to be at—an NHS that is funded fairly across England and that addresses some of the issues that the hon. Gentleman raised about rural constituencies and rural areas.

I want to address the rural nature of the hon. Gentleman's constituency, the primary care trust and the patients that it serves. The issue of islands and peninsulas is also quite unusual, and few primary care trusts have to deal with it, so there needs to be some recognition of that.

Clearly, the influx of people during the summer months must swell the demands on the national health service; all that must be recognised and factored in. There is also the issue of poverty. There can be pockets of poverty in rural areas; they are not just in urban areas, although we recognise that there might be different solutions to poverty in different parts of the country.

Let me reiterate that 80% of NHS spending is at primary care trust level, which means that the best solutions for an area can be put forward, debated and agreed at that level. I want to remove the myth that seems to exist that everyone is being told that certain areas have to do things in a certain way. That is wrong. Primary care trusts have much more capacity to design local services to meet their area's needs. I understand that the new coalition Government will introduce directly elected representatives into primary care trusts to increase the level of local involvement and accountability. I hope that I have that correct, because the Minister is looking at me as if I do not.

Mr Burns: No, I am not doing anything.

Diana R. Johnson: I just wanted to make sure, because that was not a Conservative manifesto policy. As I understand it, such engagement and increased accountability in the NHS was one of the Liberal Democrat policies; but it is part of the coalition agreement.

Mr Burns: May I just reassure the shadow Minister that I am just listening intently to what she has to say.

Diana R. Johnson: I am delighted to hear it.

I now want to move on to the matter of health spending. I recognise that the hon. Member for St Ives would like more money for his constituency, but I think he recognises that since 1997 the relevant spending on St. Ives, and on Cornwall, has increased. This year the allocation for all PCTs is £164 billion. As I said, 80% of the entire NHS budget is now in the hands of PCTs—the highest proportion ever. That means that local decision making is possible. The PCT for Cornwall and the Isles of Scilly is this year receiving £856.2 million and its budget has increased by 12.4%, but we recognise that it is still 6.2% away from the target.

I am grateful that the hon. Member for St Ives has recognised the work of the independent Advisory Committee on Resource Allocation, which is made up of GPs, academics and health service managers, to develop a new funding formula to determine each PCT's allocation. That has built on previous formulae to meet the objectives of providing equal access for equal need, and a reduction in health inequalities. Of course, a huge debate has raged about the tensions between the criteria used for allocating resources. For instance, there has been a debate about age versus deprivation, and the Conservative party in opposition would often argue that it was not deprivation but age that should be given more weight. The Conservatives also criticised the weighting of health inequalities in trying to remove those inequalities.

I hope that we now recognise that a series of criteria must be considered. Since last year a new formula has been introduced. We can clearly see how far the PCTs' actual allocation is from their target allocation. The previous Government's commitment was to move towards the target, while recognising that that would have to be done over a period of time, ensuring that it did not cause major problems to the smooth running of the NHS throughout the country.

When I looked again at the figures I found that the PCT that was the furthest over its target was Richmond and Twickenham; it was 23.4% over the target. I thought that it would make an interesting example to consider, as the relevant MPs are the Secretary of State for Business, Innovation and Skills, who is a member of the Liberal Democrats, and the hon. Member for Richmond Park (Zac Goldsmith), who is a member of the Conservative party. I can just imagine the tension and debate in that case about chopping the funding allocation for that PCT. Perhaps it would add some strains to the tensions within the coalition.

Andrew George: The hon. Lady makes a reasonable point about Twickenham and Richmond PCT, and about all those PCTs that receive significantly more than their target, because of the change in the funding formula. If she reads what I have said, she will notice that I recognise that it would be catastrophic to pull the rug out from under those PCTs, and we cannot do that: over a period of time, which I hope would be as short as possible, we need to find ways to ensure that if there are constraints on NHS spending, the areas that are now below their targets should not suffer.

Diana R. Johnson: I hope that the Minister will enlighten us with his thoughts on the pace of change in approaching the target and tell us whether he thinks the Department should adopt a target, with deadlines and dates. I know that he is not keen on targets, as we have seen from announcements in the past few days, but it would be helpful if he would explain his thinking about how we can arrive at a situation in which the hon. Member for St Ives gets his £56 million for his PCT, and other PCTs also receive the money that they feel they need.

The hon. Member for St Ives made a strong case for his constituents. I am grateful for his acknowledgment of the work of the Labour Government to deal with the problem; it may not have gone as far as he would have liked, but an attempt was made to deal with it. I look forward to hearing the Minister's comments on NHS funding in this context. I wonder whether he will also discuss the issue of capital spending, which is preying on the minds of many hon. Members.

3.26 pm

The Minister of State, Department of Health (Mr Simon Burns): I congratulate my colleague, the hon. Member for St Ives (Andrew George), on securing this debate on NHS funding allocations. I also congratulate the shadow Minister, the hon. Member for Kingston upon Hull North (Diana R. Johnson), on her appointment to the Health Front Bench. In Government she was a Minister with other responsibilities, and a Whip, and I assure her that she will find serving as a shadow Health Minister tremendously rewarding, because of the important role of such matters in our lives and those of our constituents. I also congratulate my hon. Friend the Member for Truro and Falmouth (Sarah Newton) on her almost but not quite maiden speech.

I pay tribute to the NHS in Cornwall, which provides an excellent level of care to the constituents of my hon. Friend and those of my honourable colleague; he has long campaigned on how best to distribute resources and has argued that PCTs should be moved to their

[Mr Simon Burns]

target allocations. Before I respond in detail to his points, perhaps I might set out the general principles of the system of funding allocation; that may help the hon. Member for Kingston upon Hull North.

The Government believe in an NHS that is free to all, irrespective of need or ability to pay; in which professionals are freed from the shackles of centralised targets and empowered to take responsibility for their patients; where better access to services is matched by improved quality and greater efficiency; and which provides value for money and health outcomes that are second to none. That is our vision for the national health service, and the coalition's programme for government sets out how we will achieve it.

First, the Government will increase spending on the NHS in real terms for each year of this Parliament, as the shadow Minister acknowledged. It is a commitment that reflects a deeper belief: that the NHS must be protected and properly resourced to continue its vital work. We must focus our resources where they are needed most. That means stopping the flow of resources from the front line to the back office, giving front-line staff the responsibility and resources to improve outcomes for patients, and entrusting local professionals—and local people—with the means to improve local health. By committing to cut the costs of health bureaucracy by a third, we will release resources that can be reinvested in front-line services; by giving GPs the power to commission services based on need, we will push decisions about health care provision close to patients; and by giving local communities more responsibility for public health, we will create a more flexible national health system—one that is responsive to local demand for health services, and is able to react to changing health needs and to direct funds towards emerging priorities.

Secondly, we will establish an independent NHS board to allocate resources and provide commissioning guidelines. The board will ensure access to health services that are designed around the needs of the patient, not the needs of the bureaucracy. It will set standards based on clinical evidence, not political micro-management. The aim is to achieve the best outcomes for patients, instead of simply ticking boxes and meeting targets.

Mr Iain Wright: I congratulate the Minister on securing his post. I know that he is passionate about health, and I wish him all the best as a Minister in the Department of Health. He mentioned the establishment of an independent NHS board whose focus will be on clinical standards as opposed to political micro-management. Bearing in mind health services north of the Tees, a clinically led, independent reconfiguration panel recommended that a new hospital should be built. Is that not something that the Government should be doing?

Mr Burns: I have to congratulate the hon. Gentleman. I remember that as a Minister he was extremely helpful, within the confines and straitjacket of his remit. He was tenacious both in that job and this afternoon, and is using his skills to try to tease out an answer beyond the one that was given to him in my letter to him last Thursday explaining why that capital project was cancelled as part of the public spending review. However, to be helpful, and if he would like it, I will repeat basically what the letter said. Facts are facts, and I am afraid that the situation has not changed since I wrote to him.

When this Government came into power in May, we were faced with the largest deficit and debt that any Government had ever inherited from an outgoing Government. The debt is a financial problem that must be addressed urgently. Therefore, the incoming Government announced a review of spending commitments that were made by the previous Government after 1 January 2010—that is, in the run-up to the general election. As a result of the review, which has been carried out over the past seven weeks or so, an announcement was made on 17 June in which the coalition Government announced the go-ahead of four major hospital programmes, ranging from the Pennines to Liverpool and to St Helier in south-west London. Unfortunately, the North Tees and Hartlepool project did not get permission to go ahead. I am afraid that that is the answer. It is because of the economic situation and debt in which we find ourselves.

Mr Wright: The Minister is gracious in giving way a second time. On that basis, and given what the Prime Minister said about NHS funding increasing in real terms despite the financial problems that we find ourselves in, capital spends will be provided elsewhere in the country, but seemingly not in my constituency. Are my constituents' health outcomes not to be thought of because of financial considerations?

Mr Burns: The hon. Gentleman knows the answer to that question. That is not why the hospital was not given the go-ahead last week. I can appreciate his frustration. As a constituency MP myself, I too would be frustrated, but the hon. Gentleman, who is a generous man, must not try to reinterpret the decision for other reasons. Sadly, the decision was taken simply because of the urgent need of this Government to take decisions to start curbing the ballooning debt problem, which needs to be addressed. That is the reason, I am afraid. It has nothing to do with our commitment to reducing health inequalities and spending more money on providing health care and services for people throughout the country.

I hope that the hon. Gentleman is satisfied with that. If he is not, and if it would be of any help to him, I would be more than happy to meet with him and, if he wants to bring them along, his colleagues from the Hartlepool area and the surrounding constituencies. They can discuss the matter with me—my door is always open. I would be more than happy to do that, if we can arrange a meeting, and if he thinks that it would be helpful.

Let me return to Cornwall and the general position on health funding allocations. I was saying, before discussing Hartlepool again, that we will establish an independent NHS board.

Andrew George: On that point, I would be grateful if the Minister would clarify whether the board will replace the Advisory Committee on Resource Allocation.

Mr Burns: I can reassure my hon. colleague that it will not. It will be something completely different. It will be a stand-alone body that will be the driving engine of the NHS, in its required field.

By strengthening the link between investment and outcomes, the board will enable the NHS to deliver improved quality, higher productivity and better value for money. I am sure that my hon. colleague will appreciate that I cannot yet discuss the precise functions of the board, nor its composition, but our proposals underline our central belief that resources should be allocated according to need, without ministerial interference.

Barbara Keeley (Worsley and Eccles South) (Lab): Perhaps the Minister can touch on another hospital situation. I understand that the Secretary of State visited Bury on Friday and overrode a clinically reached decision on maternity units. He said that, in his judgment, Fairfield General hospital's maternity unit could remain open, against a clinical decision made in the "Making things better" reorganisation in Greater Manchester.

Mr Burns: I hope that the hon. Lady is aware of the announcement that my right hon. Friend the Secretary of State made shortly after he assumed his current position, in which he laid down new criteria for determining the reconfiguration of hospital services. Prior to the general election, when he was the shadow Secretary of State for Health, he made it a priority that, in particular, maternity units and accident and emergency units would be looked at far more closely than they had been looked at. That is why, on assuming office, he strengthened the criteria for carrying out consultations on proposed reconfigurations, and brought in four new criteria that will apply to any future reconfigurations, and current ones that are still in the process. They will have to abide by the new strengthened criteria, which include ensuring that the wishes and views of GPs, clinicians, local stakeholders and the general public are taken into account. Decisions that affect local communities and people will have the input of local people, rather than simply being imposed on communities which, for a variety of reasons, do not want what is being proposed.

Barbara Keeley: Those of us in Greater Manchester who are affected by the decision and the new process that the Minister is outlining are struggling to understand how to square the clinicians' recommendation, which was based on things such as the number of doctors available, doctor training and the experience that has to be gained in maternity to deliver a safe service—a clinically led decision was made in that case—and the community's wish and desire always to keep maternity and A and E units. It is hard for local people to understand how such things can be squared. Most constituency MPs understand that no one ever wants to lose an A and E or maternity unit. Does that really mean that clinically led decisions, such as those in Hartlepool and Manchester, will be overridden if local people do not want them?

Mr Burns: No, it does not mean that. What I said when explaining the criteria that the Secretary of State has laid down is that it will strengthen the consultation process leading to decisions, but obviously there will be a number of processes thereafter. The different processes of assimilation before a final decision must ensure that the Secretary of State's criteria for greater input of clinicians', GPs' and local communities' wishes are taken into account. In the past, reconfigurations have too often left the impression among local communities that they have not been consulted or listened to, and that decisions have been made by managers or others based only on their narrow point of view without taking account of other people's views.

Barbara Keeley: Will the Minister give way?

Mr Burns: No. I have been generous, and I want to make progress.

That is the principle for the criteria, but it will not mean automatically that there will never be any changes because there is a block. We are strengthening the process to take account of local wishes and needs. There is a balance to be struck, which will emerge during the reconfiguration process.

Mr Andrew Turner (Isle of Wight) (Con): Is my hon. Friend aware that we have a unique arrangement for health, and that a single organisation is responsible for both commissioning and delivery—the local hospital? That works for the Isle of Wight, and it has turned round a deficit of £3 million and broken even in the past three years. Can he assure me that the forthcoming White Paper will allow the success of the island's health services to continue?

Mr Burns: I am grateful to my hon. Friend for that intervention. I assure him that the White Paper will be aimed completely at improving and enhancing the provision of health care throughout the country—not just on the Isle of Wight, but on the mainland from Cornwall and the south-west up to Hadrian's wall in the north. That will be based on a principle of putting patients first and at the heart of health care provision so that they drive the national health service and so that it is there for them and their needs, rather than the needs of management bureaucracy or of politicians micro-managing the system from Whitehall down the road. However much affection and respect I have for my hon. Friend, I cannot be tempted to outline in detail now the White Paper's contents, but I assure him that when it is published he will share my enthusiasm for the way in which the Secretary of State will unveil his vision for the national health service, not simply for the next five years, but thereafter. I trust that that satisfies my hon. Friend, if not the hon. Member for Worsley and Eccles South (Barbara Keeley).

My honourable colleague the Member for St Ives mentioned the current pace of change, and particularly the distance from target measurements used to assess relative progress towards target allocations. His constituency is in Cornwall and Isles of Scilly primary care trust. It received an allocation of £808 million in 2009-10, which increased to £856 million in 2010-11—an increase, as he knows, of 12.4% above the national average of 11.3%. However, under the formula established by the previous Government, and as many contributors to the debate have noted, that is still 6.2% or some £56.3 million below its target allocation for 2010-11.

I hope that my honourable colleague will appreciate that until the spending review is complete, I cannot comment on specific time scales or the future plans for NHS allocations, nor on the financial standing of specific local health services. I trust that he will be reassured that his partners in Government share a common assessment of both the problems facing the NHS and the solutions available to us.

[Mr Simon Burns]

During the spending review, we will examine rigorously all areas of health spending to identify where we can make savings—for example, by maximising the NHS's buying power, renegotiating contracts and improving financial accountability throughout the system. The picture that I have painted is of an NHS in which decisions on resource allocation centrally are made by an independent NHS board. But although I cannot give the hon. Member for St Ives the commitment and promise that he wants now, the matter will be examined as part of the spending review between now and the autumn. When our reforms become reality, the NHS board will be responsible for the allocation of spending and will consider a whole range of areas.

Andrew George: I want to raise a point for clarification. The Minister described the role of the NHS board and made it clear that it will be remote from political micro-management. He also said that he cannot give me or the PCTs that are a long way below their targets any answer until after the spending review. Will the decision on the pace of change towards achieving targets be made by the spending review, or will that decision be made ultimately by the independent NHS board? If he cannot say which of the two, or which combination of the two, when will I and other hon. Members receive a clear answer on what will happen and who will make the decision on the speed of change?

Mr Burns: I believe that I can help my honourable colleague. The ultimate decisions will be made by the NHS board when it is established, but he will appreciate that primary legislation will be required and that that will take time. In the meantime, the allocation of funding for health care throughout the country will be done initially following the spending review, but when the board is established on a statutory basis and operating, it will take over that function. I hope that has cleared up the matter for my honourable colleague.

Diana R. Johnson: I am wondering about the time scale for the board's establishment. When will the Minister be in a position to provide some dates for when it will come into existence?

Mr Burns: That is a reasonable question, and I shall be reasonable in my response. The date will be determined partly by Parliament because primary legislation will be required, as outlined in the Queen's Speech last month. Speaking as an ex-Whip rather than a Minister for Health, I anticipate that the legislation will make progress through Parliament this Session and receive Royal Assent in July next year, or perhaps September, depending on whether there is a spillover in September or October next year, which I do not know at the moment. That is my guess as an ex-Whip for the timetable for the primary legislation. We will then have to wait to see at what point after that it will be up and running, but my guess is that it will be as soon as is feasible.

Andrew George: Given the state of flux and the uncertainty of the spending review, which will be followed by the creation of the independent NHS board, there will be a vacuum because decisions have yet to be made in this two-stage process. Will the Minister agree to meet colleagues from Cornwall and me to discuss the progress of that review, either at the time of the review itself or immediately afterwards? We would find that very helpful, because we know that the NHS budget in Cornwall is under tremendous pressure at the moment.

Mr Burns: I reassure my honourable colleague that there is not a state of flux. There is a state of potential change, yes, because there is a new Government with an important vision for the future of the health service. That is a difference, but there is not a state of flux because there is stability there. I am not criticising him, but I wanted to reassure him, so that he did not get the impression that there was a state of flux, with the connotations that that has. There is no state of flux. We have a vision, which will be unveiled shortly, but we have things in place to make sure that the system is running properly.

The other thing I would like to repeat—it is so important that it does not matter if it is repeated again, because the issue has featured frequently during today's debate—is that the Department of Health budget is, of course, protected, which means that in every year of this Parliament, it will increase in real terms. There will be pressures on the Department of Health budget but, under the coalition agreement and the commitment that my party gave prior to the general election, which has been upheld by the coalition agreement, there will be a real-terms increase in that budget. That gives a degree of stability to the health service because it knows that, in every year of this Parliament, it will receive that money.

I thank my honourable colleague for his earnest and informed contribution to today's debate. As a constituency MP myself, I respect and appreciate the tremendous battle that he has fought over a number of years for Cornwall. I am thrilled to see that my hon. Friend the Member for Truro and Falmouth is also joining in fighting for her constituents to ensure that they, too, get the best health care possible. That is something that all hon. Members want and fight for on behalf of their constituents.

At its most basic level, allocation is a question of measuring need and distributing resources accordingly. To the outsider—and some insiders—funding allocation is a dense and sometimes opaque subject. As the former health editor of *The Times* wrote,

"only the brave or foolhardy venture into some areas of NHS management. Resource allocation is certainly one".

I can safely say that my honourable colleague falls into the former category. I trust that he is reassured that although it is too early to comment on specific funding allocations, the coalition's programme for government shows that we share the same basic belief in the importance of both independence and local decision making when it comes to setting funding levels for the NHS.

Mr Mike Weir (in the Chair): As the Minister is not present for the next debate, I suspend the sitting until 4 pm.

3.53 pm

Sitting suspended.

Foreign National Prisoners

4 pm

Mr Philip Hollobone (Kettering) (Con): I welcome you to the Chair, Mr Weir. I thank Mr Speaker for allowing me to have the debate and I congratulate the new Justice Minister on his well deserved appointment.

I have come here today, on behalf of my constituents in Kettering, to advance a proposal that would save Her Majesty's Government quite a substantial sum of money and free up quite a large amount of prison space, and that would enable us to advance a sensible policy on law and order—putting criminals behind bars so that they cause less crime. The proposal is basically that we should send back to secure detention in their own countries the 11,500 foreign national prisoners in our jails.

Those 11,500 foreign nationals make up some 13% of the present prison population. It is a staggeringly large figure, and I understand that it has more than doubled in the past 15 years. The figures available to me show that in England and Wales, as of 30 June 1995, there were just over 4,000 foreign nationals in our jails. I believe that the latest figure is some 11,500. I should be grateful for the Minister's confirmation of what the most up-to-date figure is.

I also understand that, on average, foreign national prisoners serve nine to 10 months in jail, including for some extremely serious offences, and that the numbers of foreign national prisoners are now so large that we have dedicated whole prisons to holding just them. I should welcome the Minister's confirmation that HMP Canterbury, HMP Bullwood Hall and HMP Morton Hall are reserved, either entirely or almost entirely, for foreign nationals. This is a national disgrace. We cannot go on like this. We should arrive at a sensible situation in which we can return these people, who have done very bad things in our country and abused our trust, to serve out their sentences in their own countries.

It is no exaggeration to say that Britain has become the "United Nations of crime". I understand that we are now paying for the board and lodging of criminals from some 160 countries, out of only 192 recognised countries; 80% of the world's nations are represented in our jails, and there are some pretty nasty people. Apparently, one third have been convicted of violence or sexual offences and almost one fifth are guilty of drug crimes. Other offences include robbery, burglary and fraud. They come from some pretty exotic places. Apparently, 10 countries account for almost half these foreign offenders, with the leading countries in the league of shame, according to the numbers as of 18 December 2009, being Jamaica with 963, Nigeria with 752, the Republic of Ireland with 647, Vietnam with 620 and Poland with 617. By my reckoning, those top five countries as of last December accounted for 3,599 foreign national prisoners—one third of the total.

My contention is that we ought to send these people back to their country of origin. I am not a lawyer, and I am rather pleased that I am not a lawyer, but I understand that there are weighted meanings to words that most of us would regard as meaning the same thing. Repatriation, I understand, is different from deportation, which is different from removal, but to my constituents in Kettering, they all basically mean the same thing. We want these nasty people back in their countries of origin. I am not particularly fussed as to whether they are repatriated, deported or removed—I just want them there, not here.

I understand that until very recently, we did not really have any kind of prisoner transfer arrangements with any countries in the world. We then established some voluntary agreements so that prisoners could be transferred if they volunteered, and very recently we have just begun to look at compulsory transfer agreements. I would like to see more of those. I was pursuing the matter with the previous Government and not getting very far. I hope that with the enlightened good offices of the new and far-sighted Minister, we shall make rather better progress.

In the questions that I have asked so far, I have concentrated on the countries at the top of the list of shame, because that seemed a sensible place to start. I asked whether there were agreements in place with Jamaica. That is a Commonwealth country, to which we send very large amounts of development aid each year. My understanding is that a transfer agreement is in place. It was signed in 2007. However, it is still subject to ratification and also requires legislation in the Jamaican Parliament. I am unclear about whether it is a compulsory transfer agreement or just a voluntary one.

Mr Peter Bone (Wellingborough) (Con): I am grateful to my hon. Friend for securing such an important debate. Does he know that our coalition partners were far ahead of us on this issue? In their wonderful manifesto, "change that works for you", they say on page 76 that they will

"Prioritise deportation efforts on criminals".

Our coalition partners should be congratulated on that, and we should follow their lead.

Mr Hollobone: I am grateful for that most helpful intervention from my hon. Friend, who I know has a prison in his constituency. I am sure that there are foreign nationals there as well. Of course, that is not the only policy from which we should learn a lesson from our coalition partners. It is a very helpful move forward.

Nigeria is second in the list of shame, with 752 prisoners as of December. I understand that we are looking for a compulsory transfer agreement with that country. Again, it is in the Commonwealth. I understand that a Bill is before the Nigerian National Assembly. I hope that we are using our diplomatic efforts abroad to encourage these countries to get a move on.

I also understand that at the end of last year, the United Kingdom brought into force the additional protocol to the Council of Europe convention on the transfer of sentenced persons. That took place on 1 November. Under the additional protocol, the United Kingdom can transfer prisoners, without their consent, to 34 signatory countries, provided that the prisoner is subject to a deportation order. The consent of the receiving state is required in each case. However, the written answer that I received on 1 February 2010 stated:

"To date no prisoners have been transferred under these arrangements."—[*Official Report*, 1 February 2010; Vol. 505, c. 115W.]

Thirty-five countries are affected by compulsory prisoner transfer agreements, and of those 35, most are in Europe. There are 3,069 foreign national prisoners from the 35 countries in British jails, which is 28% of the total. The list of shame in this case is headed by the Republic of

[Mr Hollobone]

Ireland, with 647; Poland has 617; in third place is Romania with 357; Lithuania comes in fourth at 330; France is number five with 163—and so the list goes on. I also understand that we have an agreement for compulsory transfer with Libya but, to date, no prisoners have been transferred under those arrangements, although I understand that Scotland has been involved in sending prisoners back to that country even if England and Wales have not.

I should very much like to find out from the Minister the cost of keeping a prisoner in jail for a year; I understand that it is about £30,000 to £40,000. Given that there are 11,500 foreign national prisoners—again, the number is to be confirmed by my hon. Friend—that would imply that the cost to this country of keeping those nasty people in British jails is something between £300 million and £400 million a year. That is a substantial amount.

Mr Bone: My hon. Friend is being extremely generous in giving way. Matters go further than he has described. Wellingborough prison is in my constituency, and it is overcrowded all the time. Its prison officers, who do a wonderful job, tell me that they never have enough time to work with prisoners and get them educated, so that when they go back on the streets, they reoffend instead of being model citizens. That is partly due to the overcrowding, which is caused by there being so many foreign national prisoners.

Mr Hollobone: My hon. Friend makes an excellent point. The purpose of prison, in denying people their liberty, is to be a punishment, but it is also to rehabilitate them so that, when they go back into the real world, they do not reoffend. If we are having to spend such a length of time dealing with people, many of whom do not speak English and do not understand our customs and how we do things in this country, it makes prison officers' jobs, which are already very difficult, far more difficult and challenging. That will have an impact on the rehabilitation of British prisoners, who are likely to stay in this country for a long time.

Mr Julian Brazier (Canterbury) (Con): I am extremely grateful to my hon. Friend for giving way during his very powerful and important speech. Canterbury prison is in my constituency, and it is entirely composed of foreign prisoners. At stake is not only the cost, both financial and in management terms, of the prisoners, whose numbers almost trebled under the previous Government from 4,000 to 11,500, but the issue of deportation at the end of sentence.

We have several bad cases in my constituency. A woman who calls herself Sheena Daniels is perhaps the worst case of a person whom judges recommended for deportation. Somehow or other, she has claimed be a Zimbabwean—although I am told that she has a Nigerian name and a west African accent—and on the strength of that has finally received exceptional leave to remain. The judicial recommendation to deport has been abandoned, so that the community where she and her family have continued to commit criminal offences is suffering.

Mr Hollobone: My hon. Friend makes a very good point, and what a shocking case that is. Sadly, I do not think that it is the exception; I would have thought that it was probably fairly typical. Let us get things clear. These people have come to this country. They have abused our trust. They have committed offences so bad that even our creaky, criminal justice system has actually sent them to jail. I very much doubt whether they ever serve their sentences in full, given that most British prisoners do not.

A few years ago, there were lots of such cases, and there was a scandal about people not being automatically deported to where they came from. It is therefore important that, if foreign national prisoners complete their sentences, they should be deported. In my view, they should all be deported, repatriated or removed—whatever the legal term is—at the end of their sentences. However, I would go further and say that in-sentence prisoners need to be sent back to their countries of origin because of the costs that we are having to pay to keep them in British jails.

If the coalition Government were to take sensible steps to address the problem, especially with our European partners and our Commonwealth compatriots, we could make real progress in freeing up the prison space that our country badly needs. We could then send more prisoners from this country to jail. We know that too many people are not going to prison because magistrates and others are under direction to try to keep them out of prison, as there is not enough space. Given that 13% of our prison population is made up of foreign nationals, it is obvious to me that if we tackled this issue sensibly, we could make real progress on a wide variety of fronts.

4.15 pm

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): I congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on securing the debate. He raised this issue on numerous occasions during the previous Parliament. He has found two occasions already to raise the subject orally with me, and I am delighted that he is going to hold this Administration to account with the same vigour as he did the previous one. I am grateful to him. This is an area where progress has been stuttering. The issue is bureaucratically complicated and difficult. I am as anxious as he is for progress and will welcome the regular spur that my officials and I will receive from Kettering to keep our focus and that of the bureaucracy—in the best sense of the word—on addressing the issue.

Foreign nationals who come to our country and abuse our hospitality by breaking our laws should face the full force of the law. If appropriate, they should go to prison. I share fully my hon. Friend's frustration that foreign national prisoners who have no links to the United Kingdom are still not routinely transferred to prisons in their own country. As he said, a significant part of the purpose of prison should be the rehabilitation of the offender. That is not a duty owed by the United Kingdom taxpayer to foreigners in the same way as it is owed to our own citizens.

We currently hold 11,367 foreign national prisoners, of whom 7,824 have been convicted and are serving sentences of imprisonment, and who could be considered for transfer to their own country. In contrast, our posts

overseas are aware of about 2,000 British prisoners held, of whom about half are thought to be sentenced prisoners. Yet in 2009, with this large number of foreign national prisoners in our prisons, we managed to transfer 41 back to prisons in their own country and we received 64 British prisoners back. While the proportions are striking, so is the feebleness of the overall number. I have asked my officials to pursue all possible options for increasing that number.

Nick de Bois (Enfield North) (Con): I congratulate my hon. Friend on securing the debate. The Minister referred to the numbers of prisoners who are incarcerated abroad; may I draw his attention to an issue at a slight tangent to this debate? A significant number of British citizens are on bail in European countries. They are not in jail, having not served trial. Many are there as a result of the notorious European extradition warrants. They are there for an extraordinary length of time, which is a problem for their families, who face a lot of hardship. Can the Minister work with officials to secure an agreement to allow them to serve bail in their home country?

Mr Blunt: My hon. Friend has put that on the record. It is separate from today's debate. I do not want to pursue that because it will reduce the time I have to reply properly to my hon. Friend who secured the debate.

Transferring prisoners to their own country frees up prison places here and reduces the cost to the British taxpayer, but that is not the only reason for seeking their transfer. The Government want our prisons to rehabilitate prisoners better and enable them to lead productive, law-abiding lives following their release from prison. Just as I want to see British prisoners provided with work, education and training to reduce reoffending in this country, so a foreign national prisoner is more likely to be rehabilitated if he serves his sentence in his own country where he can undertake offender behaviour programmes and pre-release activities most suited to his needs and those of his host community. There are real difficulties associated with imprisonment in a foreign land, including language and cultural barriers and visiting difficulties, which make rehabilitation less effective. A prisoner serving his sentence at home is also more likely to receive help and support from family and friends. Transfer is in the best interests of not only the prisoner but the public in his country of origin.

Since the introduction of automatic deportation in 2008, foreign national prisoners who receive a sentence of imprisonment of 12 months or more can expect to be removed from the United Kingdom at the end of their sentence. Transferring prisoners during the course of the sentence ensures that the receiving state is aware of the prisoner and his offence, and is better able to protect the public when the prisoner is released. Information on previous offences is plainly helpful and welcomed by overseas jurisdictions.

Although there are sound public policy grounds for transferring prisoners to their own country, I accept that the numbers transferred are pathetically small. As my hon. Friend the Member for Kettering is aware, the United Kingdom has prisoner transfer arrangements with more than 100 countries, yet we only managed to transfer 41 prisoners from prisons in England and Wales while 64 returned here. It is apparently the first time that we managed to get more imports than exports. I am determined to do everything to ensure that the risible figure for transfers is increased.

There are a number of reasons why the figure has remained stubbornly low, which my hon. Friend probably already appreciates, and which need to be addressed and overcome. The vast majority of the transfer arrangements have been in place for some time and require the consent of the prisoner, without which the prisoners cannot be transferred. Prisoner transfer was initially conceived as a humanitarian measure, and I understand that it is for that reason that Parliament thought it right to make prisoner consent a prerequisite to transfer when passing the Repatriation of Prisoners Act 1984. That remained the case until 2006, when Parliament amended the Act to enable prisoners to be transferred without their consent. I have asked my officials to investigate the scope for renegotiating arrangements on the basis of compulsory transfer. Although we may not be able to achieve compulsory transfer arrangements in all cases, we should do so wherever we can, and there is some limited progress to report.

In November 2009, the UK ratified the additional protocol to the Council of Europe convention on the transfer of sentenced persons, which provides for compulsory transfer where a prisoner has been served with a deportation order. My officials are working closely with the UK Border Agency to identify suitable prisoners for transfer under the protocol. As an example, I expect the first prisoners, from Lithuania in this case, to be transferred later this year. No-consent arrangements have also been concluded with Uganda and Rwanda, but as my hon. Friend pointed out, they await ratification.

Work is also ongoing with the Nigerian Government to put in place a no-consent prisoner transfer agreement. My hon. Friend may be aware that legislation to amend Nigeria's prisoner transfer legislation is currently before its National Assembly. Like the UK law before its amendment, current Nigerian legislation requires prisoners' consent. I am grateful to the Nigerian Government for their willingness to engage with us on the issue, which I hope to discuss further with their Ministers during a visit by President Jonathan of Nigeria to the UK next week. In the meantime, we continue to pursue the option of voluntary transfers to Nigeria. To date, 22 prisoners have applied for transfer, and the applications are currently being considered by the Nigerian Government.

Although we support the principle of compulsory prisoner transfer, some countries maintain that sentences should be served where they were passed, claiming that rehabilitation can be achieved only if the prisoner wants to transfer. I disagree with that view, but where it is held, it is an obstacle to the compulsory transfer of a significant number of foreign national prisoners. However, we will continue to negotiate compulsory agreements wherever we can.

My hon. Friend will be aware that the European Union has agreed a framework decision governing the transfer of prisoners between member states of the Union, which comes into force next December. The agreement provides for compulsory transfer under certain defined circumstances: where the prisoner is to be transferred to the country of his nationality in which he is ordinarily resident, where the prisoner is to be transferred to the country of his nationality, to which he would otherwise be deported at the end of his sentence, and

[Mr Blunt]

where the prisoner has fled and a sentence is transferred to his country of nationality for enforcement. Regrettably, the framework decision does not apply to sentences before its implementation, but we expect to see a steady increase in the numbers transferred after December 2011 and consequently a steady decline in the number of EU nationals held in our prisons after that date.

My hon. Friend has already drawn attention to the fact that the largest group of foreign nationals are Jamaican. In 2007, the United Kingdom signed a prisoner transfer agreement with Jamaica. I regret to say that it is a voluntary agreement, which was the limit of what was able to be negotiated at the time, and it has not yet been ratified. Changes to Jamaican legislation are necessary before ratification can proceed. I have asked my officials to investigate how we can work with other Departments here to help and encourage the Jamaican Government to progress with the agreement.

We will continue to press voluntary prisoner transfer arrangements where we cannot negotiate compulsory ones, and we will take action to encourage prisoners who could transfer but do not to apply for a transfer. I have asked my officials to look urgently at how prisoners can best be informed of the options available to them and encouraged to apply.

We are gradually increasing the number of prisoners transferred to countries outside the European Union. In addition to those seeking voluntary transfer to Nigeria, 25 prisoners have sought transfer to prisons in Pakistan. The transfer of the first four of those has been agreed and will take place in the next few weeks. Many foreign nationals in our prisons cannot be transferred to serve their sentence in their home countries, because there is no agreement in place. It is right that we seek to have prisoners who are subject to deportation action, or who have no entitlement to remain in the United Kingdom, removed as soon as possible at the end of their sentence.

We have inherited an overcrowded prison estate that is teetering on the edge of being able to keep pace with the demand created by those sent there by the courts. Moreover, one of the key factors is the large number of foreign nationals in our prisons, many of whom have no right to be in the United Kingdom. I therefore need no reminding of the importance of improving the situation by all appropriate means. At a time when we have been left with no money by the previous Government, we need to look carefully at how our resources are used and what can be done to target them more effectively. Our priority is to protect the public and focus our efforts on reducing reoffending. It is therefore right for us to consider how prison resources can be better focused on prisoners who will be released into the community in the United Kingdom, which will free up prison capacity currently taken by foreign nationals who will be removed from the country anyway. That is one way that we can help achieve our priority.

Provisions are already in place to help ensure that foreign national prisoners can be removed from the United Kingdom as early in their sentence as possible. The early removal scheme has been in operation in England and Wales since 2004 and gives the Secretary of State the power to remove eligible prisoners earlier in their sentence than would otherwise have been possible. Foreign national offenders who are serving a determinate sentence and who are liable to removal from the United Kingdom can be removed from prison and the country up to 270 days, or nine months, before the halfway point of their sentence, when they would normally be released. The period of early removal in each case varies depending on the length of the sentence being served, and the maximum of 270 days applies where the sentence is for at least three years. It will be proportionately less for shorter sentences. Prisoners must serve at least a quarter of their sentence before early removal can take place. In each case, removal is dependent on the UK Border Agency making the necessary arrangements. That can be affected if the prisoner appeals against removal or if there are difficulties in securing the necessary travel documentation.

The scheme does not apply to offenders serving life or other indeterminate sentences. However, all foreign national prisoners serving a determinate sentence who are liable to be deported by UKBA are considered for the scheme by the National Offender Management Service. It is important to remember that those offenders would be subject to deportation by UKBA on their release anyway.

Early removal under the scheme is not pursued for prisoners with outstanding criminal charges or further custodial requirements, such as an offender with an outstanding confiscation order. Such prisoners should not be permitted to avoid their liability by leaving the United Kingdom's jurisdiction early. I would like to emphasise that foreign national prisoners who are removed or deported under the scheme are flagged on UKBA's warnings index and can therefore be identified if they attempt to return to the United Kingdom.

UKBA will continue to seek to remove foreign national prisoners who have no right to remain here. Since 2007, some 15,000 foreign national prisoners have been deported. UKBA works closely with NOMS to ensure that prisoners can be removed at the earliest possible moment. In 2009, UKBA embedded immigration teams in nine prisons as part of the rationalisation of the foreign national prison population in the category C prison estate. The two hub and spoke prisons are Canterbury and Bullwood Hall, not Morton Hall, which was mentioned by my hon. Friend the Member for Kettering. This enables UKBA staff to gather nationality and identity information at the earliest opportunity with the aim of reducing the number of prisoners and increasing the removal and deportation of foreign criminals at the end of their sentence.

Police Funding (Greater Manchester)

4.30 pm

Andrew Gwynne (Denton and Reddish) (Lab): It is a pleasure to see you in the Chair, Mr Weir. I wish to pass on my thanks to Mr Speaker for ensuring that this debate can take place today. I would also like to put on the record my thanks and appreciation to all the police officers and staff at the Greater Manchester police, who do an absolutely fantastic job—a very difficult job in very difficult circumstances. I wish to put on the record my tribute to their work in making my constituency a safer place.

I would also, very briefly, like to congratulate the Minister on his appointment. Given everything that is facing the public services as we progress with the new coalition Government, I am sure that he will do his best, in very tight circumstances, for the police service in Great Britain.

It is, however, a concern that one of the first acts of the new Conservative-Liberal Government has been to introduce a cut of £125 million in police revenue, with a further £10 million from capital funding and £10 million from the counter-terrorism budget. For Greater Manchester police in my region, that announcement will mean a cut of just less than £7 million. That represents a reduction in grant of approximately 2% of total budget. Only Greater London, at £30.4 million, and the west midlands, at £7.5 million, will be harder hit.

Clearly, the Greater Manchester region will be hit harder than most. That has led to uncertainty, as the police had already set out their budgets for the coming financial year. That is why the reduction is so damaging to the efforts being made to tackle crime in my constituency and in other constituencies across Greater Manchester. Police authorities will now have to cut services that they have not planned to cut and there is the likely possibility that that will impact on front-line services.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Does my hon. Friend agree that local councillors in Manchester, of whom I am still one, have worked very hard in recent years, on a cross-party basis, to deliver precept rises that allow Greater Manchester police to have the resources to do its job, and that the least we could expect from the Conservative-led Government is a similar level of commitment at a national level?

Andrew Gwynne: This is the first opportunity that I have had to welcome my hon. Friend to the House. He will be a stalwart campaigner for his constituents, who are on the other side of the River Tame from my constituency. He is absolutely right. Although the police authority has had to make some difficult decisions about the police precept, a lot of hard work went into ensuring that the funding package for this financial year was robust and matched the needs of policing in Greater Manchester.

Of course, the previous settlement was made by the Labour Government before the general election. As a result, police authorities set their local budgets on the basis of that settlement and will now have to make difficult choices to bring their budgets into line with the new Government's amended settlement. Greater Manchester police authority has already admitted that tough decisions will have to be made. There is a concern in my constituency about how that will affect policing in Greater Manchester.

Throughout the years of the Labour Government, we saw a real fall in the number of crimes that were committed. Overall, crime fell by 36%. That was, in part, thanks to the record investment in levels of policing. In 1997, Greater Manchester police employed fewer than 7,000 police officers. According to the most recent figures, from September 2009, there are now 8,148 police officers.

According to the House of Commons Library, in my constituency we now have 917 full-time equivalent police officers, as well as—a great invention of the last Labour Government—police community support officers. Across the same area, the boroughs of Tameside and Stockport, we now have 99 PCSOs committed to being a uniformed presence on the streets.

Barbara Keeley (Worsley and Eccles South) (Lab): Like my hon. Friend, I would like to pay tribute, particularly to Inspector Kevin Mulligan and the Greater Manchester police force in Salford, who have done a great job, with the help of PCSOs, in bringing down crime—particularly antisocial behaviour, which was of great concern to my constituents. Does my hon. Friend share my concern that these budget cuts will really affect PCSOs and, in our case, the neighbourhood team work that can get crime and antisocial behaviour down?

Andrew Gwynne: I agree with my hon. Friend. It is crucial not to diminish the role of the PCSOs and to support the neighbourhood policing teams. Most people will recognise that neighbourhood policing teams, based on every ward in our boroughs, are one of the most successful recent changes to policing in areas such as Greater Manchester. That localism has made a big change to how the police are viewed by the general public, and it is important that we should maintain it.

Backed by that high level of investment, there have been some impressive results. In the borough of Tameside, during the period from 2001-02 to 2009-10, crime was reduced by a fifth. Crimes such as burglary fell significantly. Figures from the House of Commons Library show that the number of burglaries in Tameside fell from 6,084 in 2002-03 to 3,926 in 2008-09. There was a similar trend in Stockport: vehicle crime fell from more than 7,000 in 2002-03 to 3,746 in 2008-09. That shows that proper investment has an effect on crime. In Tameside, we know that effective crime-fighting has improved the quality of life for residents, both collectively and individually. That is why the cut of just under £7 million is of real concern.

Crime itself is not always the main threat to people's sense of well-being: sometimes the fear of crime is just as, if not more, important, although it can be hard to quantify. Neighbourhood policing and bobbies on the beat have been a real reassurance to our constituents.

I am concerned about how many more efficiency savings there are in the police service in Greater Manchester. It has been streamlined over the past decade and it is not clear that there is now much spare capacity; it is a very lean organisation. In short, all the cuts will inevitably impact on front-line services, even if that is not the Minister's intention.

[Andrew Gwynne]

Any plans to cut back office staff might not be as simple as they first sound. Some back-office positions are filled by officers who have been injured in the line of duty. If there are no roles for them, they might have to go on sick leave, which will not help to reduce costs. A key to freeing up police officers has been to have the necessary bureaucracy carried out by civilians in a back-office role, so that officers can spend more time on the beat, which is something my constituents will want to be continued and maintained.

We also have to bear in mind that a number of cuts have already been announced and reconfirmed in today's Budget. The local crime and disorder reduction partnerships in Tameside and Stockport, and no doubt across the whole of Greater Manchester—partnerships involving various local agencies including the local council, housing associations and the NHS—have made a significant impact on reducing crime in my constituency. They have helped to reduce the rate of reoffending, especially in respect of key crimes such as burglary, car crime and antisocial behaviour.

Reducing the funding available to crime and disorder reduction partnerships will put all that good work in jeopardy. The ability to respond to complex issues in a multi-agency setting, which ensures a range of expertise, could no longer be relied on if agencies were stripped back even further. Agencies would go back to being able only to fire-fight issues, rather than take the current proactive approach to local concerns.

I give one example. In Tameside, alley-gates have had a huge impact in dealing with crime and making people feel safer. Since 2005, more than 1,300 households have benefited from the initiative. In a recent survey by Tameside council, 96% of people said that they had felt safer since the gates went up, and 42% felt that they had had an impact on antisocial behaviour. However, with local authority cuts on the way, there will be less money available for such crime prevention initiatives; that, along with further cuts in the police budgets, will have a knock-on effect.

I turn to another matter that I wish to highlight. There is a sense of irony in my constituency about the local Liberal Democrats in Stockport. I appreciate that the Minister may not have the authority to speak for his coalition partners on this matter, but we shall see. We have found out all too soon that the Liberal Democrats say one thing in opposition and quite another when in government.

In February, the Stockport Liberal Democrats put forward a council motion condemning the previous Labour Government and the borough's two Labour Members of Parliament—myself and my hon. Friend the Member for Stockport (Ann Coffey)—for the 3% increase in the local police grant settlement, claiming that it would impact on front-line policing in Greater Manchester. How strange that they should have said nothing when the Tory-Liberal Government ordered the cuts. It is the height of hypocrisy, especially as it will mean a less effective police force in my constituency, in Tameside and Stockport and across Greater Manchester.

What objections have the local Liberal Democrats raised? The silence is deafening. *[Interruption.]* It so happens that the hon. Member for Manchester, Withington (Mr Leech) has just popped his head round the door; he has now left. Perhaps they are so mesmerised by their newly acquired Government offices that they are suffering from some form of political amnesia. They are certainly not putting the people of Stockport and Greater Manchester first. That is not surprising, given that every Liberal Democrat Member of the House today was elected on a pledge not to support the £6 billion cuts programme, although they now seem content to its being driven through at high speed. I hope that they recover their principles soon, and think once more about these damaging cuts to our police service.

I accept that people are generally suspicious of politicians using statistics, but it is worth repeating the point that when Labour was in government, we in Greater Manchester saw recorded crime fall by 36%, including antisocial behaviour and other more serious offences. We need to ask serious questions about the Government's commitment to reducing crime and protecting British people.

Has the Minister given any thought to the effect that the cuts will have on local policing? What will be the effect on the fear of crime if the police are less visible in the community? In light of the cuts to local government announced in the Budget today, what will be the effect on the funding of crime and disorder reduction partnerships? A multi-agency approach has made a real contribution to cutting crime and the fear of crime.

The counter-terrorism budget, too, has been cut—by £10 million. Although no one wants to raise public concerns about terrorism, has any assessment been made of how the cut will impact on our effectiveness in protecting the public from terrorism? That question is particularly appropriate for Greater Manchester, as its police take the lead on such issues for the whole of the north-west.

We also need to consider grants for specific posts, such as drug-testing officers or school-based police officers. They are not funded out of the main police grant, but specific grants are given for individual posts. Given the budget tightening, those important and worthwhile posts could well be under threat too, putting more pressure on the remaining posts. What assessment has been made of the combined impact of the grant reductions made by the Minister's Department and the council tax freeze, which will effectively eliminate Greater Manchester police authority's ability to raise funds locally to support policing?

From the discussions that I have had with the local police and other agencies, I know that there is a real sense of concern about this issue, not just for Greater Manchester police, but police forces across the country. We need to have a more considered approach that takes into account what local communities want and need, particularly in relation to something as important as policing and community safety. I look forward to the Minister's response.

4.45 pm

The Minister of State, Ministry of Justice (Nick Herbert): I congratulate the hon. Member for Denton and Reddish (Andrew Gwynne) on securing the debate on behalf of his constituents, and I thank him for his kind words about my appointment to the job. I welcome the opportunity to discuss the important issue of police funding.

I would like to say something about my recent announcement on the reductions in police funding for 2010-11 before turning to the specifics of Greater Manchester. My announcement on 27 May that we intend to reduce funding for the police service of England and Wales by £135 million may have been expected. Announcing reductions of any sort is not pleasant or easy, particularly when they relate to an important service such as the police service. However, given the size of the overall budget deficit, the police will need to make a fair share of the savings required.

As I said in my written ministerial statement, the Government's priority is to cut the budget deficit and get our economy moving in the right direction. The proposed reductions to police funding are, in fact, spread equally across all forces and no one force will have its funding reduced by more than another—the hon. Gentleman needs to understand that point. That will mean that police forces have less money than they were expecting this year, but forces have already identified savings of £100 million for this year on areas such as better procurement and IT spending. I am quite confident that additional savings can be achieved by driving out wasteful spending, reducing bureaucracy and increasing efficiency in key functions, while leaving the front line of policing strong and secure.

In total, the Home Office has been asked to cut £367 million this year as a contribution towards the £6 billion of savings required. To minimise the impact on the police service, the Home Office has decided to cut a greater-than-proportionate share of its own central budget. In short, the Government intend to reduce police funding by a total of £135 million this year, which will be achieved by a proposed £115 million reduction in rule 2 grant, a £10 million reduction in capital grant and a £10 million reduction in counter-terrorism-specific grants. I should point out that even after those reductions, Government funding to the police service will remain at £9.6 billion in 2010-11, which is still £124 million more than last year.

Assuming that, following the consultation process, the House approves the proposed reductions laid before it on 10 June—there will be further opportunity for debate for hon. Members—Greater Manchester will receive £465.5 million in general grants and around a further £49.4 million in specific grants and capital provision. Again, that will still mean an increase of more than £6.6 million since 2009-10. In fact, between 2005-06 and 2009-10, central Government funding to Greater Manchester increased by £77.5 million, or 15% in real terms.

As I said, the Government have made it clear that tackling the deficit is the most urgent issue facing the country today, and the police need to contribute towards the overall reduction. That applies to every force. The package was the first step but, as I said, the reduction was shared across the service, so that each force will face a cut of 1.46% of its core funding. I think the hon. Gentleman suggested that the cut was 2%, but I should point out that that is incorrect. In fact, the reduction is 1% of the total estimated revenue spending by the force in 2009-10. The reduction itself is £7 million, and we have to see that in the context of total estimated revenue spending by the force of £681 million, £473.8 million of which comes from central Government. In fact, there will be an increase in the amount of central Government grant of 1.4% compared with last year.

The hon. Gentleman suggested that Greater Manchester was being hit harder than most areas, but in fact every force will see proportionately the same reduction, so it is not true to say that. Of course, if he uses a cash figure, it will be different; the Greater Manchester police force is a big force, and it will experience a bigger reduction in cash terms. But proportionately, it has been hit no harder than any other police force.

Andrew Gwynne: I am grateful to the Minister for giving way, and I suppose that I should also be grateful for the increase that he has managed to magic out of his speech. Of course, that increase is less than the Labour Government gave to Greater Manchester police when they set their budget earlier this year; we are not grateful for a few crumbs. Will he accept that Greater Manchester police have regional responsibilities, and that their resources are often used by other police forces, particularly those in the north-west of England? Sometimes we help out across the Pennines and across the whole of the north of England, too. The impact on forces such as Greater Manchester, which take the lead on issues such as counter-terrorism, is therefore greater than on other forces.

Nick Herbert: Of course, separate funding is made available for counter-terrorism responsibilities in the region, and all those responsibilities on forces are taken into account. I also accept that we are talking about an in-year reduction. The Government are not making any secret of the fact that, in order to pay down the deficit, we needed to find £6 billion-worth of savings. It is necessary for the Home Office and, in turn, the police, who account for well over half of Home Office spending—indeed, they account for half of all law and order spending—to find their fair share of savings.

I ask the hon. Gentleman to accept that we have a sense of proportion on the issue; he used quite strong language when talking about the implications of the cuts. Actually, I do not believe that his view of the implications of the cuts is shared by policing professionals, or those who are responsible for administering the budgets. Yesterday, my right hon. Friend the Home Secretary and I convened a meeting of chief constables; we invited them to come and talk to us about the challenge that they face. They are absolutely realistic about that challenge. The chief constable of Greater Manchester police was at that meeting, and I note that he has said, on the reduction in grant, that the force hopes to get officers on the streets by working more efficiently. I have also met the chairman of the Greater Manchester police authority on a number of occasions over the past few days to discuss wider issues relating to policing and, according to reports, he has insisted that the public would not see the effect of the cuts. He has said:

> "Can I give an assurance to the people of Greater Manchester that we're not looking at cuts in police or police staff? Currently the situation is difficult, we've had 10 very good years. Now the tough times are with us and we're having to make those cutbacks—and considerable cutbacks they are."

I believe that the chairman of the Greater Manchester police authority, who I understand is in the same party as the hon. Member for Denton and Reddish, is adopting a responsible attitude towards the savings that he has to make, and indeed a realistic attitude to the fiscal position that the last Government bequeathed to this Government.

[Nick Herbert]

It is, of course, for chief constables to use their expertise to decide what makes most sense for their force, but I am clear that the saving that we are discussing can be achieved by driving out wasteful spending on support functions, reducing bureaucracy and increasing efficiency in key functions, leaving the front line of policing strong and secure. I expect forces to be held to that, both by police authorities and by Her Majesty's inspectorate of constabulary.

Keith Vaz (Leicester East) (Lab): If police authorities find that their initial assessment is wrong and that they cannot make the required savings, will the Minister look sympathetically if they came forward with their proposals to ensure that officers remain on the beat? Visibility of officers on the beat is the bottom line, is it not?

Nick Herbert: I agree with the right hon. Gentleman. It is very important that police officers remain on the beat; that is what the public wants to see. It is the responsibility of chief constables, as the managers of their forces, to do everything possible to drive out costs, reduce bureaucracy, find the savings within their forces, and find ways to work more efficiently and share services so that they can protect the front line. That was very much the discussion that I had yesterday with chief constables. It is the collective ambition both of the Government and of the police leadership in this country that we should do that. There is also a great realism about the situation in which we find ourselves; to coin a phrase, there is no money. We were faced with having to make savings, and they are, I believe, of a relatively manageable size in the overall scheme of things.

The service is already working towards realising more than £500 million of savings by 2013 and 2014—that work was already in train—of which £100 million will be realised this year. Collaboration, including in the procurement of goods and services and with regard to information technology, will be important in improving both service delivery and value for money. It is vital that we drive down the costs of policing while maintaining the quality of the front-line policing services that the public receive.

Andrew Gwynne: Will the Minister move on to the issues that I raised about specific grants, separate from the police settlement, that impact on police posts, and to the knock-on impact of the tightening of local authority budgets, particularly given the council tax freeze?

Nick Herbert: On the council tax freeze, I should point out to the hon. Gentleman that that is something that local authorities, including police authorities, can choose to do if they want to participate in the scheme. That is the important thing to understand about it. We hope that council tax payers will be protected in that manner. If the authorities agree to participate, the funding will be available to them to freeze council tax. That is important for local taxpayers who have had to find a great deal more money for council tax over the past few years. As for the specific matters relating to the grant, the easiest thing would be for me to write to him about those.

I do not deny that tough choices have had to be made in trying to reduce the deficit, which is unprecedented in this country's history. The Home Office is playing its part by putting together a total package of cuts that reflects a considered view of where efficiencies can be made. We have sought first to trim as much as possible from the costs of running the Department and its non-departmental public bodies. I walked to the House today to contribute, in a modest manner, towards the share of savings that we as a Department have to make. None the less, we are confident that forces can make this relatively modest level of saving without a reduction in the world-class service that they provide to the public.

Jonathan Reynolds: Will the Minister tell us whether any of the efficiency savings he just mentioned will involve offering early redundancy to some of our most experienced policemen who perform a role on the beat?

Nick Herbert: I congratulate the hon. Gentleman on his election to the House. His contributions are already proving effective. As for the choice of how savings are made, I should say that that is very much a matter for the operational responsibility of chief constables. The Government will not seek to interfere in that. We will seek to support, where we can, the decisions that have to be made, but there will be a fundamental difference between this Government's approach and that of the previous one, in that we will not seek to direct chief constables so extensively. Chiefs must find the savings. It is for them to decide how to manage their work force and to provide the high-quality service that we and the public expect from them. I am confident that we can maintain front-line policing services, visibility and availability to the public.

5 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 23 June 2010

[MR JOE BENTON *in the Chair*]

Human Tissue (Availability)

Motion made, and Question proposed, That the sitting be now adjourned.—(*Stephen Crabb.*)

9.30 am

Jo Swinson (East Dunbartonshire) (LD): The issue of making samples of human tissue available for use in medical research may seem obscure at first glance, but it has a huge impact on some of the other issues that we commonly discuss in this place, including the development of new medical treatments for common diseases, the safety of patients treated by the NHS, and the ever-controversial matter of scientific experimentation on animals. In today's debate I shall discuss how increasing the availability of human tissue to the research community would be to our advantage, and shall suggest ways in which the Department of Health might help to make tissue samples more accessible.

I first became aware of the issue because of life sciences activity in my constituency. Glasgow is unfortunate in having one of the highest cancer rates in Europe, but that means that it has become a world-class centre of excellence. The Beatson research centre is based in my constituency, just outside Glasgow, and a new translational research centre is due to be built alongside it shortly.

The area is also a hub for other companies that work in the life sciences industry, such as the biomedical research company Biopta, which is based in Bearsden in East Dunbartonshire. Biopta uses fresh samples of human tissue to test new medical treatments before they get to the stage of clinical trial. Those tissue samples have been removed from patients during surgery and the parts not needed for diagnosis or therapy have been donated, with the patient's consent, for use by researchers. Tissue is therefore not removed for the purposes of research; it is removed during surgical procedures anyway, most often to help in making a diagnosis, such as during a biopsy. A sample is taken, and in some cases an entire lump may be removed, but usually only a tiny amount of it is needed on a slide for diagnosis by examination under a microscope, and the rest is either incinerated or stored for use by researchers.

When I visited Biopta, the chief executive, David Bunton, explained the benefits of testing with human tissue. First, testing new treatments on tissue samples can help to protect those who volunteer as subjects in clinical trials from harm. I am sure that hon. Members have all seen adverts in newspapers, or perhaps in a doctor's surgery or hospital, looking for people to give their time to participate in a study of a new medical treatment. Sadly, we have also all heard of clinical trials that have gone badly wrong, when people have become seriously ill; some have even died. By testing treatments on human tissue samples first, it is possible to rule out some potentially harmful treatments before they are tried out on human subjects in clinical trials.

Although there is no guarantee that a treatment that is tested on tissue samples and appears safe will not cause harm to a living person, currently the various techniques involving live tissue samples are the closest we can get to simulating the use of a particular treatment on a real patient. Basically all drugs are tested on human cell lines, but not all of them are tested on human tissue, whose reactions are closer to the behaviour of normal cells in the human body than cell lines in an artificial environment.

As well as posing a potential risk to the health of subjects, unsuccessful clinical trials also cost a great deal in time and resources. One of the biggest barriers to the development of new treatments for diseases is the huge costs and the financial risk involved in trialling treatments, as there is always a risk that they will not work. Many drug companies expect that nine out of 10 drugs taken forward will not reach production. That risk can never be eliminated, but the use of live human tissue samples can rule out some unsuccessful drugs before trials are carried out. That can reduce the costs.

Another reason for using human tissue samples is that it may reduce the need for experiments on animals. I shall touch only briefly on that point, but it is an issue on which many Members, like many of our constituents, feel strongly; other hon. Members may want to speak further about it. I accept that some testing on animals is still necessary for medical research, but of course we should pursue alternatives wherever possible, in line with the approach of replacement, refinement and reduction. Despite the benefits of tissue research that I have explained, vast quantities of residual surgical tissue are regularly incinerated as clinical waste. As a result, there is a shortage of human tissue samples for research.

Many of the diseases for which treatments could be developed by such research are common, and all hon. Members present for the debate will know someone who has suffered from them. Breast Cancer Campaign reports:

"There is a serious lack of access to breast cancer tissue available for breast cancer research. This access issue is hampering progress in breast cancer research: developing new treatments, finding the causes of breast cancer and discovering new breast cancer genes can only be achieved if breast tissue is available to scientists across the UK and worldwide."

In this country one woman in nine will be diagnosed with breast cancer in her lifetime and 1,000 women and seven men die from it every month.

Another common disease for which no cure has been found is Parkinson's disease, with which someone in the UK is diagnosed every hour. Researchers in the UK are looking to develop new drugs that could slow down, stop or even reverse the condition, and perhaps find a cure. According to Parkinson's UK:

"A key challenge is that there is a shortage of human tissue, including intestinal tissue from the gut, available for research. There are then difficulties associated with obtaining it when it actually becomes available. We would therefore welcome any move to increase the amount of tissue which is retained for research purposes, including that which has been removed during surgery. For the first time, it would allow researchers to look at changes in parts of the body in people who are living with Parkinson's."

If tissue samples are to be used for research purposes, a number of things need to happen. First, the tissue donor needs to consent to the use of their tissue for the purpose of research. Secondly, tissue needs to be stored

[Jo Swinson]

in an appropriate condition, and thirdly there needs to be a mechanism for making researchers aware of what tissue is stored where. As to consent, clearly it is important that patients should have the final say in how their tissue is used, but the current process for gathering consent is clearly not working. In a submission to the Academy of Medical Sciences, the Human Tissues Working Party, which includes a range of groups including the Safer Medicines Trust and Biopta, wrote:

"Respect for patients' rights and wishes must always be paramount, and current regulatory requirements are very good at ensuring that anyone who may not wish to donate their tissues does not do so."

However, the submission continues:

"The widespread desire amongst members of the public to contribute to medical research in this way frequently goes unfulfilled because many potential donors are not made aware of the possibilities of donation. The situation is often exacerbated by what is widely viewed as a complex and time-consuming bureaucratic process, time constraints amongst staff, a lack of appreciation amongst hospital staff of the importance of high quality tissues."

Mark Tami (Alyn and Deeside) (Lab): The hon. Lady has hit on the key point: often people are just not asked. As with cord blood, for example, I think that if the uses of the tissue and the benefits that can come from it are explained, people will say yes. However, people will generally be asked at a vulnerable time and may be nervous about what is happening and why, and that is an issue that should be addressed.

Jo Swinson: The hon. Gentleman is right. Often people are not asked, and the timing of the request is a question to be considered.

There is little public awareness of the need for live tissue, and it is fair to say that most people would never think of proactively offering to donate tissue samples for research. As the hon. Member for Alyn and Deeside (Mark Tami) has said, that is not uppermost in the mind of someone approaching a surgical procedure. Therefore, we need to ensure that patients are routinely asked whether they would like to donate.

Currently, it is up to each hospital trust to design and implement its own policy for gaining consent. Before a patient undergoes surgery, he or she will always be asked to sign a consent form giving the hospital the right to operate, and that would also seem like a good opportunity to ask for consent for the use of their tissue for research. Indeed, many hospitals do that, although many more do not.

Last year, I submitted a freedom of information request to every acute trust in England and every health board in Scotland, asking for a copy of their surgical consent forms. I found that, in England, 39% of hospital trusts have an option on their consent form for patients to donate tissue for research but that 61% do not. In Scotland, the situation is even worse—29% of health boards include it on their consent form, but 71% do not. Of those trusts that do not include the option on the form, some said that they had a policy of requiring their staff to ask patients verbally for consent; but others told me that they do not take tissue for research purposes at all.

The situation in Scotland is slightly different. Although the Human Tissue Act 2004 applies in Scotland, the Human Tissue Authority is responsible north of the border only for transplantation, not for regulating the use of tissue for research. However, the National Research Ethics Service is UK-wide, so I see no reason why procedures for gaining consent for the use of tissue cannot also be UK-wide; we would then have some consistency for those having operations, whether they live in Dundee or Doncaster.

The Human Tissues Working Party writes:

"Evidence suggests that the vast majority of patients agree to their surplus tissues being used in research. Moreover, they are equally happy for their tissues to be used by academic, biotech or pharmaceutical laboratories, as they understand that many players are required to bring new treatments to patients."

Although no nationwide figures are available, research by the NHS Greater Glasgow and Clyde health board shows that only 5% of surgical patients in the area were being given the option to donate residual tissue. One way to increase that figure would be to standardise surgical consent forms across the country, ensuring that the option is always included. I discussed the idea last year with representatives from the Human Tissue Authority, but they argued that researchers and foundation trusts were likely to resent attempts to impose such a one-size-fits-all solution, as they all have different research systems in place.

Perhaps more importantly, the widespread view, articulated by the hon. Member for Alyn and Deeside, seems to be that when patients are about to undergo surgery, they may not be in the best frame of mind to make decisions about how their tissue might be used. They receive a great deal of information at this stage, including legal and medical information, which may be overwhelming; on top of that, they will understandably be nervous about undergoing surgery. Surgeons may also find it inconvenient. A surgeon at one London hospital told the Safer Medicines Trust that surgeons simply do not have time to explain to patients the benefits of donating tissue and simply tick the "no" box on behalf of their patients.

The Greater Glasgow and Clyde health board is taking a great interest in the matter, thanks particularly to the efforts of Professor Barry Gusterson at the university of Glasgow. It says that pre-surgical assessments could present the best opportunity to discuss the question with patients, and is now looking to make that standard practice. There is the potential, with IT developments, for patients checking in for pre-surgical appointments to be given information about tissue donation, and the opportunity at that point to click a box on the screen. However, we need to ensure that patients have information about what will happen to their tissue if they give consent. The health board has produced an information leaflet for patients that explains how and why tissue is stored by researchers, and for how long. That is a brilliant example of how information could be disseminated. I shall send the Minister a copy, and suggest that she share it with hospital trusts in England, Wales and Northern Ireland as an example of best practice.

The Scottish Government are working with schools to promote the benefits of joining the NHS donor register, giving information to young people about how the register works, and offering real life stories about people who have received transplants and the new lease

of life that they now enjoy. A similar scheme could be developed for use throughout the UK to make people more aware of the research need for surplus surgical tissues.

In the longer term, we might even aim to reach the stage where hospital staff and the public are so well-informed about the need for surplus tissue for medical research that a system of presumed consent could be implemented. That would, of course, need to follow a national education campaign to explain the benefits of research on human tissue.

The debate about whether consent for organ donation should be opt-in or opt-out has been the subject of heated debate in this place. Indeed, my friend Dr Evan Harris, the former Member for Oxford West and Abingdon, introduced a Bill that would have brought in a system of presumed consent; under it, people would have to have opted out of it if they did not want to donate organs. In that case, of course, the debate was about organs for transplant rather than tissue for research purposes, which is slightly different, but we are still talking about measures that could save people's lives. Personally, I would favour an opt-out system for tissue taken from live patients, as it would be less controversial; certainly, taking tissue post-mortem is more complex. I would welcome the Minister's views on whether we could review the Human Tissue Act 2004, and whether the opt-in, opt-out question for live tissue samples might be considered.

The Department of Health carried out a review last year of the impact that human tissue legislation has had on the research community. It found that:

"the majority of participants report that human tissue legislation and subsequent regulation by the HTA had a negative impact on the research sector".

That, of course, was not the intention of the legislation. The drive to ensure ethical practice is commendable—indeed, it is vital. However, 68% of respondents believed that it has made human tissues harder to obtain, and 61% believe that it has led to the disposal of potentially valuable tissue. Clearly, the use of human tissue for research must be subject to careful regulation to ensure a high standard of ethical practice, but that evidence suggests that the legislation may need to be reviewed.

Once consent has been granted and tissue has been removed, the question is how and where it should be stored in order to ensure that it is available for use by researchers wherever it is needed. Most tissue is stored in hospitals, and it can be difficult for researchers to find out what tissue is stored in which hospitals in various parts of the country, so that they can gain access to types of tissue that they need. There are more than 100 tissue banks in the UK, some publicly funded and some private, but scientists' access to the tissue is seriously affected by its location—and their personal contacts—and some institutions are more willing than others to share their tissue stores.

Breast Cancer Campaign is in the process of setting up the first national tissue bank for breast cancer researchers in the UK. It will have a policy of equal access for researchers throughout the country. It is being funded through voluntary donations. As well as national tissue banks, there is another option for improving access to tissue samples; creating a database or online system would allow researchers to see what tissue there is and where, and to make requests for it. The national cancer biobanking organisation onCore has tried to set up a virtual network of tissue banks to share tissue with researchers across the country, but it has had limited success.

I maintain that the problem is not one of funding. Primarily, we need better co-ordination and implementation of the processes that need to be implemented, as well as greater awareness among health professionals and members of the public about the importance of human tissue research. Far too often, valuable tissue is incinerated rather than being collected for research purposes, even though collection is not difficult. It is a matter of spreading best practice, giving information to hospital staff and patients and making the gaining of consent part of the routine of surgical operations. When tissue is collected, it is not being made sufficiently accessible to researchers. I hope that the Minister will tell us whether the Department of Health is able to facilitate greater co-ordination across the NHS, and among academic and research institutions, to improve the sharing of information and clinical material such as human tissue.

I am sure that all hon. Members will agree that we should be doing all we can to speed up research into treatments for the diseases that I have mentioned, and the many others that I have not. I look forward to the Minister's response.

9.47 am

Mr Russell Brown (Dumfries and Galloway) (Lab): I attended this debate not intending to speak, but I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing it.

I wish to talk about the terrible condition of Parkinson's disease. Yesterday evening I was making my way home and called my wife, as I routinely do. She informed me that a family member and good friend of ours, who is on holiday in Malta, had suffered an aneurysm, and is on a life-support machine until her family can get to her later today. I have known the lady for many years, and I know that she wants her organs to be donated to medical science, but tragically, she is hundreds of miles away from her family. That quickly brought home to me the fact that we need more research, and that more organs need to be donated to allow research to go ahead.

Parkinson's disease, as we all know, is a terrible, debilitating condition. Every hour, someone in this country is told that they have Parkinson's, and, if anything, the situation is getting worse. Parkinson's UK is an admirable organisation doing its utmost to battle against the condition. Since 1969, it has spent over £45 million on groundbreaking research. At the start of the year, it was supporting 90 research projects worth over £15 million. Parkinson's UK believes that it should be made easier for researchers to gain access to donated organs.

To be usable for research purposes, the brain must be harvested within 24 hours; however, all too often there are obstacles to that. For example, hospital staff are often reluctant to harvest organs without a death certificate—rightly so, on occasion. When someone dies over the weekend, there is often no one available to sign a death certificate, meaning that the organs, including the brain, cannot be harvested before they deteriorate and become totally unusable. When that happens, Parkinson's researchers miss out on resources vital to

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developing better treatments and a cure. It also means that the wishes of the deceased, including those carrying donor cards, and their families simply cannot be followed. Parkinson's UK is therefore calling for guidance for hospitals on the importance of harvesting organs, including the brain, quickly—within 24 hours—to avoid those obstacles. It also calls for greater public awareness of the importance of donated organs in medical research—an issue that the hon. Member for East Dunbartonshire raised.

The brain is the principal organ affected by Parkinson's, and it is due to the death of specialised nerve cells in specific areas. However, the condition can also affect other parts of the body. There is emerging evidence, which the hon. Lady touched on, that early pathological changes found in the brain may start in the gut. The condition may actually start there and then spread to the brain. Much more research needs to be carried out in that area to investigate what is happening.

Parkinson's UK funds a brain bank that makes it possible to look at changes that have happened in the brain once a person has passed away. However, it is also necessary to look at other organs, from people with and without Parkinson's, particularly when they are alive, if at all possible. That would make it possible to correlate a person's symptoms with any specific changes within the body; that is as important as looking at cells. A key challenge is the shortage of human tissue, including intestinal tissue from the gut, that is available for research. When it does become available, all too often there are difficulties associated with obtaining it. Parkinson's UK would welcome a tissue database, as it would enable researchers to locate tissue more easily, thereby obtaining maximum benefit from it.

Mark Tami: Does my hon. Friend agree that we need the media to address research properly and to explain why it is being done? Too often, particularly in the tabloid press, we see headlines like "Frankenstein science", and stories on experimentation for the sake of it, which has never been the case. Such language further undermines the likelihood of people giving consent; they would be more likely to do so if they were fully up to speed with why research was being carried out.

Mr Brown: I thank my hon. Friend for raising that point because I was going to come on to that issue. He made it abundantly clear that, regrettably, on too many occasions much of what we encounter day to day, especially in this arena, is driven by media hype and scare stories. His point is spot on. As the hon. Member for East Dunbartonshire said, the situation regarding presumed consent and everything surrounding it is delicate. New Members and those of us who were here previously will encounter over the coming months and years a significant amount of correspondence from people who are deeply concerned about organ donation and the provision of tissue. My hon. Friend the Member for Alyn and Deeside (Mark Tami) is right: when we tackle issues such as this one, we have to have open, honest and sensible adult debate, not driven by hype that, frankly, terrifies people.

I do not wish to say much more in my short contribution. Suffice it to say that the debate is very important indeed, and even that is probably an understatement. I have covered Parkinson's disease, and I would like the Minister to address the issues surrounding that, the tissue database and how we overcome problems. I suspect that they occur too often, when the harvesting of organs needs to be dealt with very quickly—within 24 hours. How can we handle that better to ensure that we meet the wishes of those who want to give organs at the end of their life to save the lives of others and for research? Making that decision was a significant step for those individuals and we should do whatever is humanly possible to make it easier to respect their wishes.

9.57 am

Dr Julian Huppert (Cambridge) (LD): I congratulate my hon. Friend the Member for East Dunbartonshire (Jo Swinson) on securing the debate. She briefly mentioned animal testing and I would like to pick up on that theme to start my comments. It is clear that further medical research is needed, and I have a background in that area. We heard movingly from the hon. Member for Dumfries and Galloway (Mr Brown) about Parkinson's, and there are other areas where much greater research is needed, for which one needs some form of human-based model. That has led to the widespread use of animals for experimentation, which leads to concerns—ethical and practical.

The ethical concerns centre around how we should treat animals. While that is important and I very much share the deep concern, it has on occasion led to some extreme positions, which I do not think anyone in the House would support. There are sensible approaches to balancing the need for medical research, which leads to experimentation, with trying to avoid such experiments. I would like to highlight the Fund for the Replacement of Animals in Medical Experiments, which does a very good job in this area. It describes its position as anti-animal experimentation:

> "FRAME believes that the current scale of animal experimentation is unacceptable, but recognises that the immediate abolition of all laboratory animal use is not possible. Essential medical research must continue, so that effective treatments for diseases that lessen the length and quality of human and animal life can be found. New products, including medicines and vaccines, and industrial and agricultural chemicals, must be adequately tested, in order to identify potential hazards to human and animal health, and to the environment."

That nicely sums up the balance, and explains why we need to continue with this research. FRAME then goes on to say that it advocates the three R's approach—replacement, reduction and refinement. As an aside, I notice that it is very traditional to use the three R's whether we are talking about reduce, reuse and recycle or reading, writing and arithmetic.

There is a great deal of misunderstanding about animal testing. There is an idea that medical research organisations and pharmaceutical companies want to do animal testing, when in fact most of them would much rather not if alternatives were available. That might be for financial reasons if nothing else. A lot of work has been done to find different ways to test and develop new techniques. I am talking about work on humans, animal models and tissue. Recently, we have seen the idea of human on a chip, in which samples of different human tissues are put on a very small chip so that system interactions can be studied. There has also been work with stem cells and their derived tissues. There has been work in vitro and, increasingly, in

silico—trying to use computational methods to work out what is likely to happen without having to perform real-life experiments—in which I was involved before I was elected to this place.

There are disadvantages to all those ideas. Testing on humans is risky; one has to be very careful about any intervention. We know that there have been some sad instances of severe illness and death when humans have tried out new therapies and medicines. We know that there are problems with animals; they often do not provide exactly the right systems. Drugs behave differently in some animals to the way that they do in humans. A lot of work has to be done on systems such as human on a chip, and most of the computational techniques still have a long way to go before they can truly be said to represent what is going on.

I do not want to breach the Haldane principles and suggest what research should be funded, but the topics that I have mentioned would be very interesting for the appropriate bodies to look at rather carefully—whether that is a funding organisation such as FRAME or the National Centre for the Replacement, Refinement and Reduction of Animals in Research. Support for such areas would be very gratefully received and would make a huge difference to many people.

Today we are talking about tissue, and tissue has a huge amount of potential. It occupies a very nice space in the hierarchy, between in vitro and in silico models and full humans with all the attendant risks. A number of tissue banks have been set up, including the UK Biobank. A large number of brain banks have produced some very nice work, typically post mortem, leading to results on Parkinson's and Alzheimer's. I shall mention, in particular, the Cambridge brain bank partly because it is in my constituency and partly because my mother was involved with it—as a researcher rather than as a donor. We should try to broaden the spread of these banks and create a proper network. Some of the brain banks have had problems with interacting with other banks and with transferring data. Things are also going on in this area with cancer banks. My hon. Friend the Member for East Dunbartonshire mentioned onCore, which is a national cancer biobanking organisation, and we need to have other such organisations.

There are issues not just with how we collect the samples and store the information, but over funding. Currently, there is not a viable commercial model for tissue banks or networks. From what I have heard, the banks have great difficulty in securing long-term funding. Banks cannot survive on project-based funding, because the value derives at the end of the process and not at the beginning, so there is a need for core funding to support such a network. They have to have a certain level of security.

Let me turn to the topic of consent. We have heard some discussions about whether we should have an opt-in or opt-out system. It would, I believe, be a great step forward if we decided on the opt-in model. If people were asked to opt in, we would see an increase in numbers. I would be concerned if we went to an opt-out system for tissue. There is not public acceptance of that, and I would prefer to get lots of people opting in.

The topic of organ donation was also raised. It is my strong belief that it should be on an opt-out basis, and I would have supported the Human Tissue Bill proposed by Dr. Evan Harris, the former Member for Oxford West and Abingdon. Why is there a difference between the two? One reason relates to public acceptability and the other to timeliness. While we benefit from having a larger and more thorough bank of information, individual instances of information missing are not critical; it is a general problem, but not a critical one. With organ donation, organs are individual lives, and there is a specific issue of timeliness. As my hon. Friend the Member for East Dunbartonshire mentioned, in the future we will be able to have an opt-out system for tissue. It will be nice to see a real acceptance of the benefits of research for everybody in this area.

There are also issues about the ease and clarity of consent. The advantages of a national system and how easily it can be established have been discussed. There are also questions about how much information should be stored with tissue, and that needs further thought. Should the data be anonymised? Should it be tied in to medical histories and to details of other phenotypes that were observed—other interactions that happened? Should it be tied in with a DNA profile from that tissue?

On that cue—I find it very hard not to talk about DNA as that is what I used to work on—let me say that there is an interesting asymmetry in the Human Tissue Act 2008 between DNA and tissue in terms of whose consent is required. The Human Tissue Act, which regulates tissue, stipulates that there is a hierarchy of consent before a tissue can be obtained from somebody who has died. Although we are mostly talking about tissue samples from those who are still living, post-mortem tissue is incredibly valuable as well. A spouse can refuse permission to use a tissue sample even though the benefit may accrue to those relatives who are biologically related. With DNA, there is no hierarchy of consent, and any relative can consent. Typically, the people who are asked are those with a genetic relationship. That gives rise to some interesting asymmetries, because it means that different people could be consenting for different aspects, whereas the DNA would typically be derived from the tissue. That will lead to problems in the future and we need to consider it. In general, DNA and the future of DNA technology and testing will be a topic that requires further thought from this House. It may be an appropriate topic at some stage for a debate such as this.

There have been a lot of drives for improvement as the cost of sequencing has plummeted—from costs in the order of billions for the first sequence down towards the £10,000 mark and heading very rapidly towards the £1,000 mark in the near future. That means that we are starting to see more and more projects in which everybody, or every baby at birth, is being sequenced. We will see some real effects on health—I hope that the Minister will be able to comment on some of those—both in research angles, through genome-wide association studies, and in areas such as personalised genomic medicine. I am sure that the Minister is aware of the House of Lords' Select Committee report on the subject. Schemes are ready to be cascaded down through the NHS. For example, free foetal DNA testing allows Down's syndrome screening at a very early age—at about six weeks into a pregnancy. A pinprick of blood is taken and the RNA is then sequenced. It is amazing that we can do that, and such a scheme is ready to go through the NHS in a matter of a few years.

[Dr Julian Huppert]

In conclusion, let me support my hon. Friend and urge the Government to take action to support this work because it is in the interests of science and research, of reducing animal experimentation and of patients.

10.8 am

Mary Creagh (Wakefield) (Lab): It is a pleasure to make my first outing as the shadow spokesman for public health under your chairmanship, Mr Benton. I congratulate the hon. Member for East Dunbartonshire (Jo Swinson) on securing such an important debate. Having listened to her this morning, I feel that I know a lot more about the subject. She is well known in the House for her campaigning work on this issue. Her early-day motion 212, which she tabled in the previous Parliament, attracted the support of 64 hon. Members, and I am sure that a version of the same early-day motion will make its appearance through the course of this Parliament.

It was interesting to hear about the hon. Lady's strong constituency link with the subject. I was certainly unaware that her constituency was a hub for research into life sciences. I also want to congratulate her on her tenacity. Using the Freedom of Information Act to get the data on the hospitals is the work of someone who pays great attention to detail. In fact, she found that there are huge differences between hospitals. It might be interesting to drill down into the information that she has to see whether there are geographical differences, or differences between foundation trusts, in respect of how samples are collected. The challenge for Ministers is to try to get everybody up to the level of the best, and it is clear that there is a very long way to go to achieve that.

I congratulate the Minister, who has responsibility for public health, on her appointment. She has been in a shadow public health role since July 2007. She had a distinguished career in the NHS for 25 years, including working as a district nurse. She also worked in hospitals, in research and, of course, in palliative care, so I am very interested to hear her comments in this debate. Furthermore, she is possibly one of the very few Conservative MPs who has served as a trade union steward, for the Royal College of Nursing, so I will also be interested to hear whether she has any response to yesterday's Budget. We welcome her, and her experience, to her new post. Her direct experience of front-line working in the public sector will no doubt stand her in very good stead.

I also want to congratulate the hon. Members who have contributed to today's debate. I know that my hon. Friend the Member for Alyn and Deeside (Mark Tami) has a very strong interest in the subjects of cord blood and stem cell research; we have debated those issues together on many occasions. He raised a very important point about the general altruism that the public feel.

Most people want to make their own contribution and help to contribute to medical science. Unfortunately, however, the level of knowledge and debate on these types of issues is very low. Part of that is due to the "ick" factor—none of us likes to think of our precious bodies as, first, dying; secondly, being cut in any way, even after death; and, thirdly, being kept in a large fridge with medical scientists examining them. But in fact the reality is that that is how human progress, particularly progress in science, has been made for generations, even centuries.

I also congratulate my hon. Friend the Member for Dumfries and Galloway (Mr Brown) on his contribution to the debate. I send my condolences to the family of his friend who suffered such a terrible tragedy while on holiday and I wish them courage as they fly out to Malta.

My hon. Friend raised the very important issue of the practical barriers that exist in this area, even when hospitals systematically want to collect people's brains after death. There are also the issues of the death certificate and the conflict that exists between the medical side and the research side. The hon. Member for East Dunbartonshire has really hit on an important issue here, which requires some constructive and creative thought.

Mark Tami: I thank my hon. Friend for her very kind comments. There is just one point that I want her to address; I am perhaps returning to the point that I made earlier about how we and the media view this issue. She knows that my particular interest in this area is with the Alder Hey hospital and with children—unfortunately, that interest derives from a personal experience. But the fact is that a lot of medical conditions, such as sarcomas, particularly affect children; indeed, in some cases, medical conditions only affect children.

Given that children are particularly affected by some conditions, it follows that the research into those conditions must focus on children, but we find such research difficult to accept. It is very difficult to accept research on adults, but research on children, which sometimes very unfortunately happens as a result of a child's death, is even more difficult to accept. However, it is something that we really need to address. As I said, some medical conditions only affect children.

Mary Creagh: My hon. Friend makes a very important point. Actually, this is one of those issues where the answer of the child involved might be very different from that of a parent. I think that children can be incredibly wise.

Speaking as a mother, the thought of one of my children dying is beyond comprehension, or beyond the limits of my imagination. It would be wrong for someone to ask for a donation from a bereaved parent who was dealing with that level of stress and grief. The time for asking for donation is not at the point of surgery or of death; it is when people are feeling generous and altruistic, when they feel that donation is something that can help other people.

Actually, children themselves are incredibly generous and incredibly thoughtful. Obviously, it is different for babies and toddlers, but children from about the age of six or seven can start to work these things out for themselves. Perhaps there is a role for education in the classroom to get children to talk more seriously about these issues.

I know that the work that the Anthony Nolan Trust has done in increasing the number of people on the bone marrow register is incredible. In Huddersfield and Wakefield—my constituency covered part of Huddersfield until the last boundary change—we had a very brave

campaigning journalist at the *Huddersfield Examiner* who, when he was dying in his mid-20s, launched a huge campaign, including writing a blog about his experience. Through that campaign, he engaged with a lot of young people to get them on to the bone marrow register.

The issue of donating tissue, or blood marrow, is a bit like that of blood donation. I have spoken to my staff about it and said, "The blood lorry is outside, off you go". There are responses such as, "Well, I don't fancy rolling up my sleeve and having someone stick a needle in me". However, if I ask, "If you have an accident on your way home, or your child is ill, would you want blood for your child or yourself?", the answer of course is, "Yes". The time to do it is during a tea break or a lunch break from work and not when people are under stress and dealing with a huge range of emotions.

I also congratulate the hon. Member for Cambridge (Dr Huppert) on his contribution to the debate. It is clear that science has lost a great researcher, but science's loss is certainly the House's gain. While he was speaking, I had a quick look on my BlackBerry and perhaps after the debate he can explain to me what "nucleic proteins" are, or whatever it was that he was researching—I am not even sure that I have used the right word there—because I got lost after about the first sentence of his contribution.

Computational biology is clearly an emerging area of work in this field and the hon. Gentleman spoke very eloquently about its potential to reduce the need for experiments on animals and, in some cases, to replace high-risk human trials, which would be welcomed by all parts of the House. He also leaves us with the interesting image of a "human on a chip", which is something that I will go away and reflect upon.

Using his own experience as a researcher, the hon. Gentleman raised the important ethical issue of the anonymisation of samples, and he is absolutely right to do so. Certainly, in any research that I have ever participated in, I have always been told that the donated material will be held completely anonymously and untraceably. Now, however, we are moving forward with this biobank. I was invited to take part in that project. I went along because I was interested and I asked, "Are more women than men coming along?" I was told that, yes, there were, so there were all the usual biases that exist. We come back to the altruism factor and it seems that women tend to be more altruistic than men. I will leave that point hanging; if anyone wants to intervene on me, I am happy to argue the point. *[Laughter.]*

Mark Tami: My hon. Friend is exactly right. Men are certainly less willing to become stem cell donors and bone marrow donors, because we are cowardly and do not like needles. That is a particular problem.

What we must do with bone marrow and stem cell research, as the work of the Anthony Nolan Trust shows, is to put fewer obstacles in the way of donors. When it comes to giving blood, I know from my own point of view that my reaction is really, "Argh"—giving blood really terrifies people. However, mouth swabs can be used to donate other material. If we can get people past that first stage and if they are then approached because they are a potential match, I think that people will say, "I am a potential match and therefore I will go to that next stage and give blood". If we somehow phase people by saying, "You've got to give blood and you must have various tests for things", then people are less likely to come forward.

Obviously, with bone marrow and stem cell donation, we are not talking about people who have died. It is one of the few areas where someone can save a life by giving something. It is not painful, it does not take that long and someone can actually save somebody else's life. There are tens of thousands of people out there who do not even know that they are potential life-savers. This issue is not only about how we raise awareness, but how we—

Mr Joe Benton (in the Chair): Order. The intervention is too lengthy.

Mary Creagh: Thank you, Mr Benton. I was listening with interest and totally agreeing with my hon. Friend. Most of us will not have the chance to save someone's life in the normal way. The chance to be an everyday hero does not come to many of us, and most of us do not have the medical skills that would enable us to be one. However, a person can undergo a small surgical procedure to take bone marrow out of their hip, and someone else will be walking around as a result of their generosity to another human being. I find that profoundly moving.

We need to look at where the responsibility lies for raising awareness. We as politicians are in this room debating the matter, so we are fulfilling our responsibility.

We have heard of the difficulties that the media create in their coverage of these issues, some of which have been difficult. The Alder Hey and Bristol Royal Children's hospital cases were seen as national scandals, and rightly so, but the scientific community has a huge responsibility in this area. This country has a problem with science. We have a framework that enables us to be world leaders in life sciences and all kinds of areas, and we have a population that is willing to run marathons, to do fun runs for breast cancer and cancer research and to work and raise money. Yet there is a gap.

Presumably, every one of the women who participated in the five-mile fun run in Wakefield—the race for life—did so because they knew someone who had died of or suffered from breast cancer. All those women could have been offered the chance to be screened for blood marrow donation or to talk about tissue sampling. The world of fundraising needs to work more closely with the world of research. I do not know how that would happen, but I think that the scientific community, whether it is researching genetically modified foods, cancer or Parkinson's, has its own responsibility. However, it has not found its voice in this area.

We have an image of scientists working in their labs in white coats. It has been a long time since I have been in a research lab, so I do not know whether they still wear those coats, but they do not get on the telly. We tend to hear about sensational breakthroughs, but when we read the small print, we find that they are at least five, six or 10 years away. There is media sensationalism about what might be small steps at the beginning, yet no real conversation about the long, arduous and painful work that scientists have to go through to achieve a breakthrough. I agree with the hon. Member for East Dunbartonshire that there is not enough access to tissue samples, but there are difficulties at the interface between the two worlds.

My hon. Friend the Member for Alyn and Deeside mentioned cord blood collection. The Royal College of Midwives has specifically said to its members, "We do

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not want you to be distracted by cord blood collection while you are trying to deliver a baby." Obviously, anyone who is assisting at a birth wants a happy baby and a happy mum. The cord blood thing comes much farther down the line. Certainly, that was my experience of giving birth, and I believe that it is probably the experience of most medical professionals.

The scientist is not in the room saying, "By the way, make sure you get the cord blood, and make sure you put it in the fridge quickly." If a midwife is dealing with a baby that might be in respiratory distress or a mother who is in the middle of a haemorrhage, all other considerations rightly go out of the window. The midwife wants a safe delivery, and the researcher stands in the university lab and weeps as the precious cord blood heads off with the placenta to the incinerator. I do not know whether people still take the placenta home. I certainly was not interested in that; we are back to the "ick" factor.

There is a challenging conflict between the NHS professional who wants to deal sensitively with, for example, a cancer or Parkinson's patient, and the colleague back at the lab who wants to know whether they have consent to do lab work on the tissue samples. We have heard some interesting suggestions today about how the medical process can support the collection of tissue. Most hospitals have introduced MRSA screening prior to surgical interventions, and that would be a good way of doing it.

The national patient care record—a national database with everyone's details—is another possibility. The patient could sit with their general practitioner and go through organ and tissue donation. The information could be there in black and white on the computer screen for every medical professional who deals with them at any stage of their life. The decision could also be revoked at any stage.

Dr Huppert: As the hon. Lady knows, there has been a great deal of concern about uploading data. I hope she agrees that if what she is discussing is to happen at all, a huge amount of data safety and security, and a simple mechanism whereby people can opt out, will be needed. Ideally, they would opt into such a system, rather than being given a limited opportunity to opt out.

Mary Creagh: I agree with the hon. Gentleman. I know that Liberal Democrats have an antipathy to the national patient care record and have called for it to be scrapped, but it might represent an excellent opportunity to deal with this matter. Of course, people would have to opt in, and nothing I have heard today changes that.

The hon. Member for East Dunbartonshire asked whether people would opt in or opt out. We need to go back and look at consent, which is at the heart of this debate. As we have heard, the Human Tissue Act 2004 created the framework for the removal, storage and use of tissues and organs of the deceased.

We must remember the circumstances that gave birth to the Act. It came about because of public inquiries into the events at Bristol Royal and Alder Hey hospitals, where organs and tissues from children who had died had been removed, stored and used without consent. Scientists have been doing that for generations. I do not think that there is any question about that, and we can understand why they want to progress medical research. However, years—in some cases, decades—later, families discovered that the children who they thought they had buried had not been complete.

The series of moral, ethical and religious issues that came out of that practice had to be, and were, addressed by the Labour Government. The inquiries together with the Isaacs report, which focused on the retention of adult brains following coroners' post-mortems, revealed that storage and use of organs and tissue without proper consent was commonplace. We as legislators had a duty to change that.

The chief medical officer concluded that the law needed to be changed. We had a wide-ranging public consultation, "Human bodies, human choices", which set out proposals and led to the Act that created the Human Tissue Authority, which licenses and inspects institutions. The Act is based on the principle that consent should be given by the living. If that key principle is to be changed, it must be changed with a great deal of consent. I do not detect a groundswell of public opinion or hon. Members in this House wishing to reopen the consent issue, despite the efforts of Dr Harris, the former Member for Oxford West and Abingdon.

Jo Swinson: In the context of the legislation, I agree with the points that the hon. Lady makes about consent being vital. However, would she accept that the current problem is that many people would be happy to consent, but their wishes are not being fulfilled because they are not even being asked?

Mary Creagh: Absolutely. The hon. Lady makes a valid point, and systems, policies and processes are the only way. It is not laws or our passing Acts in Parliament that will make it happen. This is about the 60% of trusts that do not collect any form of tissue, but get rid of everything. It is about people being made aware—there is an educational side to this—and it is about having a system in place. If we want people to donate their organs, we have to make it as easy as possible, so that they can do it when they open a bank account or go to Boots pharmacy to pick up a prescription. Whatever it is, it has to be made easy.

Most people hope throughout their lives that they will not need a huge amount of surgical intervention. That is what we all hope for, is it not? I believe that the hon. Lady is right that most of those who are unfortunate enough to have repeated operations would like to help other people through medical research.

It is important to say that lifetime consent for a tissue sample is already possible under current legislation, and people may give "generic and enduring" consent for their own sample, but the hon. Lady may be trying to bring to the foreground lifetime consent for any medical research purposes. However, the law in such areas cannot and should not stand still, and we must renew the working of the existing law.

I was interested to hear the hon. Lady's reference to the Human Tissue Authority's evaluation of perceptions of how the legislation and regulations that flow from it have affected researchers. The Human Tissue Authority has said that it wants to ensure that researchers have

access to high-quality samples by consolidating stocks throughout the sector; that brings us back to the idea of banks. It also wants to reduce the regulatory burden on the research sector by using open-ended rather than fixed-term licences, and moving to a risk-based approach to regulation rather than regulating everyone.

The hon. Lady will be interested to hear that the Nuffield Council on Bioethics is consulting on options for boosting the supply of organs and human tissue. It is clear that a problem is emerging as fertility sciences improve. There is a shortage of organs for transplant, as many hon. Members have said, and of sperm and eggs for donation. I prefer to refer to "sperm" rather than "gametes", not least because I do not know how to pronounce that latter word. Let us call a sperm a sperm.

Transplant patients and women seeking fertility treatment may travel abroad, often to places where different rules apply or, in the case of organ donation, where there may be an illegal market. We must watch that carefully because moral and ethical considerations may be involved if inducements are offered, whether cash or paying funeral expenses for people who give their organs. Those are some of the issues being debated, and the consultation closes on 13 July. I put that on the record so that any hon. Members who want to participate in the consultation may do so.

New stem cells made by reprogramming adult tissue into induced pluripotent stem cells—iPS cells—which come not from human embryos but from adult skin cells, have been possible only since 2007, so science is already well ahead of legislation in this area. The iPS technique could lead to new breakthroughs for Parkinson's disease, motor neurone disease, diabetes and paralysis, and that would obviously be very welcome.

Mark Tami: My hon. Friend referred to breakthroughs, and stem cells are one of the major areas where breakthroughs are happening. However, we must remember that much research comes to a dead end. Sometimes when we believe that it is going a long way, it does not. The *Daily Mail* and the *Daily Express* may say that drinking coffee prevents cancer, and also that it causes cancer. There is no "one size fits all" or one magical cure, so we must go down many routes, knowing that some will be a dead end.

Mary Creagh: I agree that there is no silver bullet, much as we would like one, and my hon. Friend is right about the red tops' approach to eating—or not eating—yoghurt, strawberries, blackcurrants or whatever fruit or drink is fashionable. It would be impossible to live our lives by their diet rules, certainly in the House of Commons Tea Room. We need to understand better, and the hon. Member for Cambridge has a responsibility to his former colleagues in Cambridge to be a champion and an advocate in this place—he has already proved in this debate that he will be—in respect of the benefits involved and the management of people's expectations.

I understand where the research is coming from. The hon. Member for East Dunbartonshire said that researchers are a bit cagey about sharing with other researchers where tissue is held. Someone doing a PhD who has put three or five years of their life into it does not want someone else from a different country or different research institution publishing six months before them; let's face it, academics are as competitive as the rest of us. I know from my experience at Cranfield School of Management that we loved sharing our research at conferences, but we lived in dread of someone coming up with the same idea and publishing it a bit sooner. It is incumbent on researchers to work out ways and methods of sharing their research in this area.

Dr Huppert: The hon. Lady is making an important point. A lot of work is taking place on open-access data and open-access publishing with the safeguards that she correctly requires, so that people who have invested a lot of time and effort—for example, in building up a bank—get first priority. I hope that she is aware that many of the research councils are increasingly mandating that data should be made openly available.

The hon. Lady is correct about interaction with the media. She may agree that one problem is the shortage of good science journalists, with a few honourable exceptions.

Mary Creagh: I thank the hon. Gentleman for that intervention. I was not aware that the research councils were making open access mandatory, but logically it is right that that should be done. Researchers enjoy taxpayers' money, so it is right that it should be shared for the common good. Most historic scientific breakthroughs have been made through people sharing building blocks with each other, rather than through working in splendid isolation.

The hon. Gentleman is right about science journalists. There is a paucity because they may make two, three or four times as much money working for a big pharmaceutical company. Writing for people who may not be interested or who may even be openly hostile to science may be less alluring than working for a big pharmaceutical company and being at the heart of breakthroughs.

The Human Tissue Authority website is incredibly useful in listing establishments that have human application, research application, post-mortem application, anatomy licences and display licences. I had not realised that the display of human bodies was regulated, but that was controversial a few years ago.

I hope that today's debate will lead to solid proposals from the Minister. I look forward to hearing what she has to say. We must tread carefully if we are to maintain public confidence in these vital areas and public trust in the medical research community.

10.38 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): I welcome the debate, and congratulate my honourable colleague the Member for East Dunbartonshire (Jo Swinson) on securing this debate. Although we are not great in number, clearly the matter is important to some people, and this has been a brilliant opportunity to have a good run-around with some of the issues. My honourable colleague has worked extremely hard to promote the supply of quality tissue for research, and to encourage closer co-operation between everyone in the sector. If nothing else, the debate has highlighted the need for much greater co-operation.

Human tissue-based research is vital for advances in medical science. That is an obvious statement, but it needs to be reiterated. We want better and more effective treatments, and if that essential research is to flourish,

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everyone involved in procuring, storing and using tissue must work together. None of that work can take place without the generosity of people who are willing to allow their tissue to be used for the benefit of others. We can proceed only if we have their trust and confidence in what I believe is a difficult climate. The public's trust of anyone outside their immediate family is low, so this is a good time to raise the matter.

My honourable colleague outlined some of the significant benefits of using human tissue. It allows for testing to reduce harm, reduces the need to use animals, and allows for placement refinement and reduction, which the hon. Member for Cambridge (Dr Huppert) also discussed at some length. I should point out that I am in the fortunate position of having a group of people to advise me, so I know all sorts of little facts that I did not know when I was an Opposition spokesperson. I should possibly have started my speech by congratulating the hon. Member for Wakefield (Mary Creagh) and thanking her for her kind comments.

My colleague the hon. Member for East Dunbartonshire said that the Human Tissue Act 2004 applied to Scotland, but I understand that there is separate Scottish legislation—the Human Tissue (Scotland) Act 2006. I am sure that she is aware of that Act, but I thought I would mention it for the sake of clarity.

The hon. Member for Dumfries and Galloway (Mr Brown) mentioned people who suffer from Parkinson's. My mother-in-law suffered from Parkinson's and, during my career, I have nursed many people who suffer from the illness, which is very cruel. Parkinson's is very difficult not only for the individual to live with, but for those around them. Donated organs can clearly make a difference to research in that field, and I know that many people who suffer from Parkinson's and their families look forward to a day when there is real relief from the symptoms and in time, I hope, a cure.

Of course, Parkinson's is not the only illness, and there is possibly more publicity than ever for some of the severe, enduring and sometimes life-limiting illnesses that people have to go through. It is a shame that the opportunity is not always taken to highlight the difference that we can make as individuals who are not necessarily connected with people suffering from such illnesses. One of the ways that we can make a difference is by donating tissue.

The hon. Member for Dumfries and Galloway mentioned the tissue database. We are possibly in a fortunate position in the new coalition Government. I do not feel entirely responsible for what went on before I came into post, so this is a brilliant time to raise with Ministers some of the issues that hon. Members know create obstacles, particularly in relation to the subject that we are discussing today. This is an opportunity to raise issues, and I always welcome any feedback people can give me.

The hon. Member for Alyn and Deeside (Mark Tami) mentioned the need for media support. There is no doubt that the media have a huge role to play. The recent death from cervical cancer of a celebrity meant that the incidence of cervical screening shot through the roof. There is no doubt that the media have both a responsibility and, to some extent, a duty to raise some of the issues, as we all do.

Mark Tami: Further to the comments of the hon. Member for Cambridge (Dr Huppert), the problem is that the tabloid press provides a twisted, simplistic view of science, but the scientific press is too detailed and writes and speaks in a language that ordinary people do not understand. We need somehow to get a balance that crosses those two divides.

Anne Milton: I thank the hon. Gentleman for his intervention; he is absolutely right. I agree with the hon. Member for Wakefield—I call a sperm a sperm. The hon. Member for Cambridge strayed into areas that are way beyond me, but such matters are important. I welcome him to the House. At the last election, we lost a number of scientists and it is extremely important to have voices such as his in the House to inform journalists, particularly if there is not sufficiently extensive scientific journalism out there, although I am not in any position to judge on that matter. Such issues are important, and perhaps we should all take the opportunity to send a copy of this debate to our local press. That will perhaps highlight the issue of organ donation locally; we all have our responsibilities.

The issue of consent was raised. Legislation in that area was reviewed following revelations about the widespread retention of organs and tissue without the consent or knowledge of families, as the hon. Member for Wakefield mentioned. The Human Tissue Act 2004 makes it clear that consent is required for the storage or use of organs and tissue for research, whether they are taken from people during their life or after death.

As was mentioned, we know from talking to patients and their families that the vast majority of people are extremely supportive of tissue research and, when asked, will happily consent to their tissue being used. However, my colleague the hon. Member for East Dunbartonshire is rightly concerned that we should not waste opportunities to tap into that incredible good will. She suggested the use of generic consent for the retention of tissue, which could be sought at the same time as consent for other medical procedures—for example, surgery or a diagnostic biopsy. I entirely agree that people should be given the opportunity to donate tissue, but consent is not a straightforward issue.

I am not sure that a top-down approach is the best way to proceed with dealing with the matter. The good practice we seek cannot be imposed from the top, and history is littered with examples where a top-down approach simply somehow relieves professionals of their responsibility; they believe that they are no longer responsible for the matter. Increasingly, we find that organisations are tailoring their consent procedures to local needs; for example, there may be specialist clinics, where specific risks can be addressed. We are aware of successful and innovative approaches that have led to greater efficiency and a better experience for the patient or person. Innovative thinking must be encouraged and not constrained. I am often concerned about the latter happening with anything that takes a top-down approach.

Jo Swinson: I am sympathetic to what the hon. Lady is saying about enabling local decision making, but does she accept that there is a risk that if we have very different consent procedures across the country, it will hamper researchers and industry further? It would mean that when it came to accessing tissue samples, some

would be available under certain consent rules and others would be available under others. That complexity is itself a real barrier and a problem.

Anne Milton: As with many things, it is a matter of balance. I heard my honourable colleague's words about what the Department of Health must do. I do not know whether the Department of Health holds the solutions in this case. I really believe that the matter needs to be dealt with locally. Anyone who has first-hand experience of routine procedures knows that they can be quite unsettling for people. Most people about to undergo surgery are understandably nervous. The hon. Member for Alyn and Deeside expressed his visible concern about donating even blood. I suggest that he comes to see me afterwards—I will give him a talking to and get rid of his nerves.

We are dependent on the professionalism and humanity of health care professionals around the country, and we can draw on their experience to find the right time to discuss tissue research. Dealing with the issue is a question of trust—trust in the relationship between clinicians and patients, trust in local health organisations to provide the right information to people, and trust in health professionals to maintain the separation between treatment and research.

My colleague the hon. Member for East Dunbartonshire mentioned the fact that it might not be convenient for a surgeon to seek consent for tissue donation. I would suggest that it is not necessarily a matter of whether it is convenient; it is about whether it is appropriate. That is the difficulty. It is also true that clinicians can duck the issue and find it difficult to talk about. That also needs addressing. However, I do think that the solutions lie with the organisations and the clinicians, and should not come from the centre.

Mark Tami: The hon. Lady mentioned the issues of trust and getting information across on issues such as bone marrow donation and stem cells. However, there is also the matter of getting information across to minority communities, where levels of donation are very low. If, for example, a child is diagnosed with a particular condition, their odds of finding a donor are very slim compared with those of a child from the white population. We need to get information across to people and educate them about what is being done.

Anne Milton: I thank the hon. Gentleman for his intervention. It is interesting that this is the first time that we have referred to the differences between ethnic groups, and that is an extremely important matter, but there is a resource out there that we do not necessarily use, which is the faith leaders in communities, who can perhaps raise the issue. That is why we need to send tentacles out, perhaps even from this debate, to ensure that we get the messages across in many different settings. We mentioned children; perhaps the issue should be talked about in school.

Mary Creagh: The Minister says that this is not a matter for the Department of Health, but is she not even a little curious about which hospitals do systematically collect and process the material, and about the 60% or so that do not? I am very curious about that. Her Department could easily map, with the resources that it has, where the hot spots and cold spots are. It could use the transparency that we have under the Freedom of Information Act almost to shame the hospitals that do not do it, or it could at least have a conversation with those that do not do it systematically, perhaps because they are not attached to a university or because they are not teaching hospitals. We could examine how we could encourage hospitals to do it and educate the staff about the wider benefits to the community.

Anne Milton: The hon. Lady is right. I think that in the end it is the differences that will spread good practice and drive up standards and professionalism in this area. She is right to say that we must examine why some places are so good on this. One example that I heard about recently is that of a trust that sends combined, personalised leaflets about consent to treatment to patients along with pre-operative medication. My colleague the hon. Member for East Dunbartonshire mentioned that. That trust is giving patients the time and chance to think about their treatments in advance. That is the type of innovative practice that we want. I do not believe that a standardised form is the answer.

I would also have some misgivings about routinely seeking consent to use tissue for research unless we could be confident that there was a good chance of its being used. One of the key complaints from the families affected by organ retention scandals was that everyone tried to justify the practice of routinely retaining tissue in the name of research, when in fact most of the material had never been used. There is a test that is applied to children, called the Gillick competence. We do not often use the opportunities that we have to raise the issue with children, or to ask them what they want to do.

Let me clarify that there are no plans to revisit the question of an opt-out system. Certainly, on a personal level, I would not be happy with such a system. It would require an extensive information and education campaign, and there would be ethical and practical issues if people were able to opt out of some types of research but not others. No doubt some people would be happy to give tissue for some types of research but not others. Everyone feels so differently about the issue; it is a very difficult area.

My colleague the hon. Member for East Dunbartonshire also raised the prospect of a tissue database and mentioned the work undertaken by onCore. I understand that onCore was originally set up to collect and store tissue in a national bank for cancer research. It now focuses mainly on bio-banking activity, and that shift reflects the research community's local initiatives.

I also understand that there have been excellent developments through the National Cancer Research Institute's informatics initiative. For example, there is the oncology information exchange, a free-to-use computer portal for sharing information on resources for cancer research, including tissue collections.

At the heart of the debate is the issue of improving access to tissue for research. Some initiatives are under way, and there are some examples of good practice, but a common cause of concern is the complexity of the regulatory and governance regimes. A lack of confidence and misconceptions about requirements have meant that residual tissue from diagnostic procedures may be archived for purposes such as clinical audit, but not

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available for research. Perhaps the appropriate consent has not been secured or the licence to store tissue for research has not been obtained from the Human Tissue Authority. Either way, the effect has been to stifle research, which is not what we want. Researchers complain of local resistance to new research programmes because they are perceived as being too risky or beset with rules and regulations. Efforts are being made to help NHS organisations to overcome those perceptions.

The HTA, in collaboration with the National Research Ethics Service, has set out the licensing, ethical approval and consent requirements to enable diagnostic archives to operate as tissue banks. The HTA's annual review tells the story of Guy's and St Thomas' NHS Foundation Trust, which was one of the first establishments to license its archive of diagnostic histopathology specimens as a research resource. A histopathologist from the trust said that

"support from the HTA was very helpful for us in approaching our Trust management with proposals to license our diagnostic archive for research and upgrade consent processes".

That is precisely the type of collaborative and supportive approach that we want and it is typified by a joint enterprise between the HTA and the National Research Ethics Service, which has helped to open up access even further.

I look forward to the outcome of the consultation by the Nuffield Council on Bioethics. This is clearly a dynamic issue, and I personally would like to keep it as such. It is about raising awareness and about the role that we in this place can play in raising the issue in our constituencies and with a wider audience. That is not just down to the scientists or those with a scientific background in this place, although their expertise is very valuable. The media can play a role. The organ donation taskforce report raised the issue of awareness, and there have been a number of reasonably successful campaigns in the past year, but I cannot re-emphasise enough how important it is to have public trust and confidence in the systems in place. It is important that we do not have burdensome legislation. It is important to raise awareness among all types of clinicians in training and to raise awareness among members of the public. Possibly it is a question of just changing the culture, so that people think, "I can change what's happening in the area in which I work." Sometimes we perceive barriers when they do not exist.

We have raised the issue of the differences between men and women, so I suggest that the men go hence and give blood. It is true that there are gender differences. It is extremely difficult to get men to go to their doctor with symptoms, particularly concerning anything below the waist. It is an issue to get men to come forward and donate tissue and blood. It is important and perhaps incumbent on all of us at certain times in the year to seek an opportunity to demonstrate by example that we are prepared to do that.

I thank my colleague the hon. Member for East Dunbartonshire not only for her contribution, but for allowing us all to have quite a collaborative discussion about the issue. There is no single solution. The NHS, the research community, clinicians and Government agencies have a part to play. In particular, the Government have a role in facilitating, but at the end of the day, they cannot take action on the ground. I hope that I have been able to reassure my honourable colleague and other hon. Members that some progress has been made, and that the various initiatives allow us to be more optimistic about the future. I reiterate that my door is open, and officials in the Department would be pleased to hear from anyone with examples of attempts to make progress that have been frustrated by rules, regulations or bureaucracy that prevent research in this important area from going ahead.

New Roads (Hertfordshire)

11 am

Mrs Anne Main (St Albans) (Con): It is good to serve under your chairmanship this morning, Mr Benton. The debate is about the adoption of roads in Hertfordshire, about which my hon. Friend the Member for Kettering (Mr Hollobone), who is in the Chamber, has also had an important debate. Highways adoption is a pressing concern countrywide, and its importance is signified by the fact that this is the second such debate in this Parliament alone. My hon. Friend also raised the issue in the previous Parliament, and I pay tribute to him for his tenacity. We both cried "Snap!" when we got back to the House and saw that we were trying to secure a debate on the same topic.

I thank the Minister for his considered replies to my hon. Friend's debate on 10 June. I wish to pick up where my hon. Friend left off and to have second stab at the issue, which I hope to move forward even more. I noted with interest the Minister's comments about the current position and the measures that are in place, but I hope that he will be able to update us on his thoughts and give us some hope of a speedy resolution.

Unadopted roads—particularly residential roads—are a particular issue in Hertfordshire, where we have experienced a large amount of development. Up-to-date information about the scale of the problem is not available, but it is estimated that 40,000 roads in England and Wales are unadopted. I am not particularly concerned about farm tracks or roads that residents wish to keep unadopted; I am talking about the tens of thousands of roads on new residential developments. Let me make it clear that when I say "new" I do not mean brand-new, but relatively new.

Worryingly, residents are frequently unaware of the status of their road until they try to consult their council about a problem. As we know, some roads have been unadopted for 10 years or more. The people who live on them often struggle to access public services and to meet the maintenance costs for which they are personally liable. More importantly, these roads materially inconvenience residents, creating an unfair situation in which householders pay significant amounts of council tax for services that they do not receive.

Hertfordshire contains significant areas of green belt. In areas such as my constituency, the focus has understandably been on the usage of brownfield sites for new development. One such site is the old City hospital site, where there is a problem with unadopted roads. That was highlighted to me when I talked to residents over the campaign period. They are frustrated that people visiting the current City hospital park on their roads to avoid the hospital's car-parking charges. They are powerless to combat the problem because the local authority cannot do anything about rogue parkers. Children who live in these roads are also put at risk by the increased volume of traffic outside their homes. Furthermore, hospital visitors avoid paying parking fees, and local authorities, which raise significant amounts from legitimate parking schemes and city centre car parks, will be keen to see roads formally adopted and brought under proper control. Most of St Albans has a residents' parking zone, so something surely needs to be done to protect residents who are affected by the blight that I have described.

It can be difficult living on an unadopted road. Street lights might go out, but no one will repair them. Vehicles can be dumped, but the police can do nothing. People use the busy roads as a car park, but there are no parking attendants. Residents cannot get parking permits, zones or controlling. Importantly, dangerous pavements also go unrepaired. Unadopted highways can lead to issues with maintenance, street cleaning, lack of pedestrian facilities, lighting and drainage. As time goes by, such issues make it harder for those living in the road to sell their properties.

Speeding is an even greater concern. For safety reasons, St Albans wishes to adopt a "20's Plenty" city centre speed limit, but some city centre roads in new developments are not adopted, so the speed limit is not enforceable. The issue came up on the doorsteps. People are puzzled as to why recently constructed roads, which often look superior to the potholed roads that we are famous for in Hertfordshire, are not formally adopted.

I called the debate because my council wants action. Hertfordshire recognises that we in Parliament need to help it. Indeed, in 2009, Herts county council highways and transport cabinet panel formally recommended actively involving MPs, with the aim of exploring the possibility of altering legislation to address the problem. In many areas in my constituency where new housing developments have been built, the local authority has subsequently failed to adopt the roads. I have consulted Herts county council, which shares local people's frustration about unadopted roads, but it is often frustrated by the limited mechanisms available to it to tackle the issue. There has been concern, and people have voiced the belief, that local authorities may not wish to adopt roads for reasons of their own, but Herts assures me that that is not the case.

One issue that has been raised with me over the years is that people buying a property are assured that the road is being considered for adoption. I know that this is a case of caveat emptor, but if someone is told that a road is seriously being considered for adoption—a woolly phrase if ever I heard one—they would expect it to be adopted within a reasonable time. One constituent, who contacted me last year, bought their home in 2006. The road was built approximately 10 years ago and was unadopted at the time of purchase, but inquiries seemed to suggest that it would be adopted shortly. However, four years later it has still not been adopted, and my constituent is understandably frustrated. Many purchasers who have been given similar assurances that their road is indeed progressing towards adoption feel duped. This seems to be a frequent issue when prospective purchasers do the searches; they are given the impression that the road is in the process of being adopted, but nothing is really being done to progress that.

A report to Herts county council in November 2009 looked for a new approach to highway adoption. The report was formulated in response to the concerns of many of my constituents, as well as district councils and developers, about the time that it was taking to adopt roads in new developments. At present, Herts county council, which has responsibility for all non-trunk roads in the county, is responsible for the adoption and subsequent maintenance of roads. The guiding principle in the adoption of new roads is that they should have wider utility than simply providing access to a small number of properties. As a result, short cul-de-sacs are routinely not adopted, and commercial and industrial roads are

[Mrs Anne Main]

also not adopted. Herts county council tells me that all parties need more clarity over the extent of adoption and that the extent of highway adoption should form part of any planning approval for developments involving the construction of new highways. It also believes that it would be helpful if road signs on unadopted roads made it clear that they were not adopted, so that there was no confusion.

As I said, we have no idea of the number of unadopted roads, because the most recent survey was in 1972. It is vital, if we are to tackle the problem, that we gather more information about its extent. In his recent response to my hon. Friend the Member for Kettering, who is in the Chamber because he feels so passionately about this matter, the Minister stated that

"knowing the number of unadopted roads would not really provide the context, because the vast majority...are not really relevant to the issues in question". [*Official Report*, 10 June 2010; Vol. 511, c. 578.]

However, it might be helpful for the Government to have some idea of the scale of the problem. I am aware of the need to limit public expenditure at present, and a full survey would be prohibitively expensive, but closer working between the Minister, his Department and local authorities might help us all. Will the Minister therefore undertake to arrange for his officials to write to every relevant authority in England and Wales to seek an estimate of the extent of the problem in its area? In his recent debate on the issue, my hon. Friend the Member for Kettering listed 14 local authorities, my own among them, with which he had been in correspondence over the problems of unadopted roads. Their experiences are surely not atypical, which is why a thorough investigation of the issues is necessary, and it need not be expensive.

Let me give an example of the extent of the problem. In just one borough in Hertfordshire—Hertsmere—more than 626 out of 2,165 sections of streets, footways and other highways are not maintained. That represents nearly a quarter of the sections of Hertsmere's roads. As I said, a lot of the data dates back to the 1970s, and there has been a huge expansion in building since then, so it would be helpful to get a sense of the extent of the problem. Will the Minister agree to undertake such an exercise and to place a copy of the information that is collected in the Library, so that other hon. Members can see the extent of the problem?

Where the construction of a new estate is involved, a local highways authority can, under section 38 of the Highways Act 1980, adopt a road by agreement with the owner. Essentially, the developer of an estate can enter into an agreement with the highways authority to construct streets to the authority's satisfaction and in accordance with its specification. The road then becomes a highway maintainable at public expense. I should add that section 38 cannot be used if the owner cannot be traced. However, Hertfordshire county council tells me that under the current system, when local planning authorities grant permission for a development that includes new roads, they cannot impose planning conditions regarding the extent of highway adoption or the timing of the adoption process, nor do they have any power to force the developer to put a road up for adoption. Perhaps that can be looked at under the new Government's fresh approach to planning.

In the previous Parliament, the use and inadequacies of section 106 funding were seriously examined, and section 38 might be a suitable topic for the Department for Communities and Local Government to look at with the Department for Transport in a cross-cutting report. There are no incentives for developers to enter into section 38 agreements, and developers currently initiate the process dictating whether they enter into a section 38 adoption. However, in the current economic climate there is a risk that even fewer section 38 agreements may be entered into, because developers do not have resources to fund the bond of such an agreement.

There are several reasons why a road often does not progress to adoption; I shall not list them in this short debate. My council tells me that it has concerns about the inability of local authorities to oblige developers to enter into a section 38 agreement so that highways can be adopted. I understand from the Minister's recent reply to my hon. Friend the Member for Kettering that the Government are investigating options to alter legislation to address the problem. After the thought that he may have gone through since the last debate, will the Minister update us today on the progress of the investigations or give us a hint of the trajectory that his thought process might take?

Mr Philip Hollobone (Kettering) (Con): It would be remiss of me not to pay a huge tribute to my hon. Friend for her excellent speech. She is hitting all the right buttons for me. On the Minister's welcome point about looking at legislation on section 38 agreements, I hope that he will advise her about the point that, even if developers enter into section 38 agreements and have bonded funds, local authorities cannot access those bonded funds without the permission of the developer. Often the developer has to go bust before the local authority can access the moneys.

Mrs Main: I thank my hon. Friend for his valuable point. He has done sterling work on the matter. What he says is true. It seems that people are caught in the dilemma that although the money is in place, no one can access it. They are therefore powerless to do anything about the road that is unadopted. I am hoping that the Minister will give us his thoughts today, think outside the box and tell us what he could do.

I am told that another option is the advance payments code under the 1980 Act, which was designed to secure payment of the expenses of completing roadworks in unadopted roads next to new buildings, and to ensure that the street works authority could complete the roadworks if a developer failed to complete them. The code was apparently introduced to guard against the post-war problem of small, speculative developers, but my local authorities tell me that it offers little protection for them on today's large developments where access roads may not contain houses adjacent to the road and are therefore not covered by the code, or where there might be many properties, each of which has to be dealt with separately, so that strict time constraints preclude that action.

The advance payments code is not implemented by Hertfordshire county council and has not been for at least 30 years. Surely that shows that it is a toothless tiger that needs to be revisited as a piece of defunct

legislation. I am told that the code is highly resource-intensive and that it gives little protection against the problems currently besetting Hertfordshire, not least because we are a two-tier authority, and planning is the responsibility of the district council. Hertfordshire county council says that other highways authorities that follow the code are in the minority and are mostly single-tier authorities where the necessary communication between planners and highway engineers is more easily achieved.

I just wish to touch on one further issue today. I want to give the Minister plenty of time to respond; perhaps my hon. Friend the Member for Kettering and I may come back at him occasionally. I want to highlight a particular impact that delays in the adoption of roads have had in recent months. We all remember that dreadful cold snap in January and its effect on roads in many areas. In Hertfordshire, we felt it particularly acutely and it exacerbated an already dire situation regarding road surfaces in the area. As a result of two harsh cold snaps in two years, the problem is now reaching a tipping point for our roads. It has also affected unadopted roads. Those roads were not gritted. They were also liable to damage by the weather. Some roads that were already in a dire situation have got worse. Some roads still awaiting adoption have now deteriorated in the interim period and they are even less likely to lose their orphan status.

As for the question of timing, 10 years is a very long time in the life of a road. My constituent said that his house was built 10 years ago, and since then significant damage has been done, especially if utilities have been digging up the road and compromising its integrity. I shall be grateful if the Minister will say in his reply what steps are being taken to speed up the process so that such situations do not arise in the future, with the inevitable knock-on consequence for people waiting for their roads to be adopted.

On a final note, my hon. Friend the Member for Kettering stated that he was open, as I am, to practical suggestions as long as they place the cost on the appropriate people and can be implemented quickly, to enable authorities to manage the situation better. In these harsh economic times, that is exactly the right tone. It should be for the people who have benefited from the new estates and developments to make roads up to standard, which are then adopted with all rapidity. There needs to be a purposefulness on the part of the developer to bring that about.

My local authority has a great deal of expertise, and I know that it will welcome the chance to make practical suggestions to the Minister. Is he willing to meet representatives of Hertfordshire county council to discuss the issue in more depth, or even consider calling there once he has ascertained the seriousness of the problem in the country, bringing the authorities together for an open, round-table discussion? Since the problems vary greatly from area to area, people might throw their hands up in the air and say, "Nothing can be done", but I do not believe that that is the case. Given all the expertise around the country highlighting the problems to the Minister and making practical suggestions, perhaps that is something that he could put as a feather in his cap. It would be an easy win relatively early in this Parliament, and prevent the problem from happening any more.

I welcome the fact that planning is being given back to people to decide at a local level. However, the Minister should be aware that in district councils there are many people who are willing to serve their area but do not necessarily know how to put in place a tough agreement to ensure that when they grant permission for a development, it has roads that are fit for purpose and can be readily adopted. The two-tier council approach that we have in Hertfordshire and other areas is part of the problem. Is the Minister able to give us any comfort on how we can have input from local authorities and how we can ensure that local people who wish to take control of planning are not left with a load of white elephants in the form of buildings on unadopted roads? Perhaps he can tell us whether he is able to get a sense of the scope of the problem by writing to local authorities, so that we can have the information at our fingertips.

11.17 am

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I thank my hon. Friend the Member for St Albans (Mrs Main) for, and congratulate her on, securing this debate on an issue that is clearly important to her, her constituents, and the constituents of my hon. Friend the Member for Kettering (Mr Hollobone) and many other Members up and down the country. I know that she has tabled an early-day motion on the subject. I assure her from the beginning that I am sympathetic to her concerns. I know that the issue has resonance with other Members; the last time I checked, her early-day motion had secured the support of 15 Members from both sides of the House, and perhaps that figure has now increased. As she knows, the debate that my hon. Friend the Member for Kettering secured recently was his second such debate in recent months, and I was pleased to be able to respond to it.

It is right to acknowledge at the outset that many developers routinely build roads in new developments to a high standard and in good time, and in many cases they are ready for adoption by the local highways authority. Where developers take the right approach, home owners should have little cause for concern. However, I am only too aware that that is not always the case. Some developers drag their feet in bringing the roads up to an adoptable standard, and as a result, even many years after a development has been completed, some home owners find that the roads remain unfinished and unsuitable for adoption by the highways authority. That is not acceptable.

My hon. Friend the Member for St Albans spoke eloquently about the problems that can arise in such cases. The obvious point is that poor road quality is a daily frustration for residents, but I am aware that in more extreme cases, there are concerns about damage to vehicles, the ability to enforce speed limits, and the removal of abandoned vehicles. Such problems can and do occur on unadopted roads. The issue of access for emergency vehicles has also rightly been raised with us.

I am aware that the concerns are not confined to my hon. Friend's constituency. As she mentioned, it was estimated that there were around 40,000 unadopted roads across the country in 1972. Since then, some roads will have been adopted, while new roads will have been built but not yet adopted. As a result, there have

[Norman Baker]

been calls for the Government to conduct a national survey of private roads to bring the estimate up to date—something to which she referred.

While I am sympathetic to the problem, I am not convinced about the value of such a survey. First, any survey of private streets would reveal a large number of streets that are never likely to be suitable for adoption, and in which my hon. Friend is not interested—farm tracks, service roads, back alleys and suchlike. Secondly, any survey would reveal some private residential streets where the residents bought their properties in the full knowledge that they would retain responsibility for ongoing maintenance, and probably—or perhaps—benefited from that being reflected in the purchase price. In many of those cases, residents are quite happy to live on a private street.

In a specimen survey of 600 private streets, 63 were suitable for adoption, but only in 17 cases did the majority of the frontagers want the street adopted; that leaves 46. I accept that that is a small survey, but it might give some flavour of the position out there in the country. To deliver useful conclusions, any national survey would need to identify not only the number of private streets, but the number of streets that could be made suitable for adoption, and that residents actually wanted adopted. As I am sure my hon. Friend will appreciate, such a survey would be large-scale, costing a significant amount of taxpayers' money, and I am not persuaded that it would offer value for money, particularly at this time. I am not sure how such a survey would help us move forward. We are fully aware of the problem and sympathise.

Mrs Main: I completely accept that a survey would not be a value-for-money thing and is not likely to happen. That is why I believe that talking to the local authorities might be useful. They will be aware of which roads people would like adopted but are frustrated that they cannot have adopted, and in which cases roads are not adopted, but nobody wants them adopted and everyone is fine with that. That is why I felt that talking to the local authorities could be the way forward.

Norman Baker: I agree with that, and we are talking to local authorities. I will come to that in a moment. The issue is not quantifying to the nth degree exactly how many unadopted roads there are, but ensuring that we have a full picture in the Department of the problems that arise, so that we can identify solutions to move forward. That is what I am trying to do in my role.

There must be two elements to any sensible strategy. The first element is to ensure that the best possible use is made of the powers already available to local authorities. They are not perfect, but the powers are there. I spoke in some detail to my hon. Friend the Member for Kettering about the existing tools, including planning conditions, adoption agreements and the advance payments code. I accept that there are limitations in respect of some of those matters. The second element is to consider whether the existing tools can be made more effective through changes in legislation.

On best use of the existing tools, as I indicated in a previous debate on the subject, planning circular 11/95 sets out the uses for planning conditions, and the courts have further clarified their use, setting out clear criteria. Rather than occupying the time of the House by repeating what I said previously, I refer my hon. Friend the Member for St Albans to that previous debate for further background information on that point.

The circular also states that conditions may be imposed to ensure that the development proceeds in line with locally defined needs. For example, a condition may be imposed to ensure that necessary infrastructure is in place before full occupancy of the site. I understand that this type of condition has been used to secure highway infrastructure where a development would have an adverse impact on the highway network. That is particularly important where sites are to be delivered in phases, as it allows a compromise between the needs of the developer to build and sell the site in phases, and the needs of the highways authority to ensure a safe and suitable standard of road.

The planning condition route allows the local authority and the developer to discuss and agree the needs of the site, and to take them into account for the benefit of future occupiers of the development. The Planning Inspectorate can provide model conditions to give guidance to local authorities where particularly problematic issues have been identified. My hon. Friend the Member for St Albans might like to know that at the request of the Department for Transport, and indeed the Department for Communities and Local Government, the Planning Inspectorate is developing a model condition to assist with the problems raised in places such as Kettering and St Albans.

My hon. Friend referred in passing—indirectly, at least—to problems potentially arising between two-tier authorities. I am familiar with that situation in my constituency, where we have a district and a county council. This is not necessarily a legislative problem, but in some cases local authorities—district and county—do not work together as well as they might. It is important that that is pursued from a local angle. Clearly, any changes to local government functions are a matter not for the Department for Transport but for my colleagues in the Department for Communities and Local Government.

Coming back to the model condition, it could offer increased consistency and certainty for authorities, some of which have voiced uncertainty about how planning conditions can be used robustly to specify highway standards, in line with the national policy set out in planning circular 11/95. I accept that no model condition would offer a one-size-fits-all solution; it would need to be adapted by individual authorities to suit the circumstances of particular developments. A carefully designed model planning condition that can be adapted for use in particular local circumstances could offer a useful way forward. Local councils in the constituency of my hon. Friend the Member for Kettering have certainly indicated that they would find that helpful.

I said in response to the previous debate on the subject that I would be prepared to explore potential legislative options, and I am happy to reaffirm that commitment. There are two particular aspects of primary legislation that have been identified by highways authorities as being in need of review. The first is the so-called advance payments code, to which my hon. Friend the Member for St Albans referred, which forms part of the Highways Act 1980. The original purpose of the code

was to allow highways authorities to secure a payment or security from developers to cover the cost of making up the road to an adoptable standard, in the event that a developer failed to do so. The payment or security would be available when a development reached a certain stage, at which point the frontagers could require the carrying out of street works and the subsequent adoption of the road. In effect, the deposit or security covers the liability of the owners of the new homes for the cost of making up the street that would otherwise fall to them.

My hon. Friend the Member for Kettering was concerned that funds under section 38 cannot be accessed by the highways authority unless the developer goes bust. We understand from the local authorities with which we have discussed the matter that they have difficulty accessing funds deposited by developers, and we will examine that issue with authority representatives as part of our review of section 38 and other elements of legislation. I hope that is helpful to my hon. Friend.

Currently, under the Highways Act 1980, there is a six-week window in which the highways authority can request a deposit of security. I am aware that the usefulness of the code is weakened because, in many cases, there is no longer any reliable mechanism to make the highways authority aware of the start of works on a particular development, particularly in a two-tier arrangement. As a result, the authority will not necessarily become aware of the need to request a deposit or security until after the six-week window has passed. I think that there is a good case for extending that window, but I am advised that unfortunately that would require primary legislation to amend the Highways Act 1980. That has become the issue, rather than the assessment of the applicability or suitability of the existing condition.

Before I move on to my conclusion, I will refer to the second aspect of legislation that is in need of review, which is section 38 of the Highways Act 1980.

Mrs Main: Before the Minister moves on, may I quickly intervene?

Norman Baker: Very briefly, as I have only two minutes left.

Mrs Main: Is it possible for guidance to be issued, if there is no wish to amend the primary legislation?

Norman Baker: We will look at how far we can get down the track. We want to get as far down it as possible, including through changes to legislation, if we can make them. Certainly we will do what we can short of introducing legislation, if that approach is necessary.

Section 38 of the Highways Act 1980 is a well-used mechanism that can be very effective where a developer is prepared to commit to making up new roads to an adoptable standard. I am aware, however, that the existing arrangements place no obligation on developers to enter into such an agreement, even if the authority is clear that that would be squarely in the public interest. In the debate on 10 June, I indicated to my hon. Friend the Member for Kettering that I was exploring that matter with the Department for Communities and Local Government to see whether we could have

"options for legislation, including empowering local authorities to require developers to enter into section 38 agreements."—[*Official Report*, 10 June 2010; Vol. 511, c. 578.]

We have had initial discussions with representatives of the Department for Communities and Local Government on the subject. They were not unsympathetic, but the issue, both in that case and with regard to advance payments under the Highways Act 1980, is simply finding a window for legislation. Both my hon. Friends will be aware that the coalition Government's commitment is to give priority in legislation to the elements that were included in the coalition agreement, so that we can be seen to be delivering properly on what we promised the public. It is a question of how much traffic one can get on the bridge at any time. That does not mean that action will not happen, but it means that the issue will have to take its place in the queue. We will do our best in our Department to try to find a way to progress the matter, either through primary legislation or through some other means that helps move matters forward in a productive way.

The Department for Transport had a constructive meeting earlier this year with council representatives from the Kettering constituency, which was helpful in establishing the nature of the concerns and providing an initial view of some potential solutions. I am now keen to move forward by inviting—

Mr Joe Benton (in the Chair): Order.

11.30 am

Sitting suspended.

Cumbrian Shootings

[MR JOE BENTON *in the Chair*]

2.30 pm

Mr Jamie Reed (Copeland) (Lab): The events of 2 June will never be forgotten by my community. An ordinary day in England's most remote and, in my opinion, outstandingly beautiful constituency ended with the senseless loss of 12 members of a remarkable community—the community into which I was born and where I was raised and still live.

Nothing that I or anyone in the Chamber can do or say will undo the wrong done to my community. Nothing can, perhaps nothing should, ever erase the memory of those events. The west Cumbrian community will be defined more by its response to those events—indeed, it is already being so defined—than by the events themselves. The collective response that is sweeping across west Cumbria is, I believe, to those in many other parts of the country, an enviable response.

A number of lessons are to be learned from the events of 2 June, and we will by no means hear an exhaustive summary of them today. One of the most remarkable lessons—it is a source of the greatest pride for me and other west Cumbrians—is that something that we have always known can now be seen by the rest of the country. It is that our area, our community, our home—the towns of Egremont and Whitehaven, and the villages of Seascale and Boot—represent the kind of Britain that much of the rest of the country longs to be like. That view is strongly shared by His Royal Highness the Prince of Wales, and by a number of the media commentators who have written about the events of recent weeks. This is not false sentimentality. Many communities outside the metropolitan areas of the United Kingdom are very much like that.

I have touched on the fact that the purpose of today's debate is not to rake over the facts. They are not yet exhaustively understood, and will be examined in due course. However, given what we know at the moment, I wish to learn what the lessons of the tragedy are for my community and our country. There may be lessons for the police, the emergency services, local authorities, and Members of Parliament as legislators—but it does not necessarily follow that there will be.

Parliament will not serve my community or the country well by rushing to make judgments because of the need to be seen to be doing something in response to the tragedy. Equally, should clear lessons require us to act, in the form of new legislation or practices, the House would betray my constituents and the people of this country by not acting swiftly, decisively and in concert.

My community has shown itself at its best in recent weeks—in truth, we usually do at such times—and it is time for Parliament to follow our example. That means acting with solemnity, dignity and purpose. As Tony Parsons, the author and *Daily Mirror* columnist put it, my community is trying to "understand the senseless". So, too, must the country. In trying to reach that understanding, we must learn from the destructive behaviour demonstrated by so many in the print and broadcast media over recent weeks.

Communities dealing with the aftershock of seismic tragedies such as that which took place on 2 June are the worst places to be invaded by the media. In such situations, there is no place for the media's invented exclusives, its prurience and voyeurism, its mawkish brutality and its cold-blooded pursuit of profit at the expense of the families of those most affected. Everyone expects intense media coverage of tragedies such as that which affected Cumbria, but do people really expect the news to give way to entertainment? I wish to talk about the behaviour of much of the media in recent weeks, and the anger and dismay that it has caused among my community.

May I say how grateful I am to the Minister who is to reply to the debate? These are not exclusively Home Office matters; I have some sympathy for him, as his brief cannot cover them exhaustively.

I return to Tony Parsons, and to reflecting on the piece to which I referred earlier. It was printed under the headline "The haven of decency that will remain unbroken". He wrote that west Cumbria

> "feels like an England that many of us remember from our childhoods...An England that we thought had disappeared into the mists of history. It is not a flashy place. It is not a place that ever gets much attention. But it is still out there. And among all the horror, we are reminded that it is still real. And that it represents all that is best about this country and our people. No place was less built for violence, and madness, and the mayhem of the modern world. No place deserves it less."

I cannot describe the effect that those words have had on my community, how grateful we were that we had been seen as we see ourselves, and that our culture and our values had been recognised. How fitting it was. It was a small way of remembering those who had been taken from us. I can only hope that those words helped to fetch some comfort for the families of those who lost family members.

Parsons observed that when Cumbria

> "gets attention from the leering outer world, it is seen through a prism of prejudice and ignorance...It is not too much to say that the communities of Cumbria could teach a lesson to us all."

He continued:

> "While we hear so much about the ugly face of the modern world, we forget that there is a Britain that is emphatically unbroken. And where all those old virtues—decency, tolerance, kindness, innocence and goodness—still prevail and thrive."

John Woodcock (Barrow and Furness) (Lab/Co-op): I wholeheartedly endorse the sentiments that my hon. Friend expresses. In Barrow and Furness in southern Cumbria—I have the huge privilege of being the new Member for that constituency—I see that spirit every day. Barrow and the surrounding area was once considered part of Lancaster, and many in the area still retain a great affinity with Lancashire. Indeed, if we were to ask, some would say that they would like to move back to being part of it. Does my hon. Friend agree that the tragedy and the many difficulties that the Cumbrian people have experienced in recent months underline the fact that there is a Cumbrian spirit and a Cumbrian community? Indeed, such ties bind my constituency with his and the people of that great region.

Mr Reed: I thank my hon. Friend for that intervention. He has been a Member for only a short time, but I know of the huge esteem in which he is held by his constituents.

I am personally grateful to him for making the trip to Whitehaven on the weekend after the shootings to pay tribute, on behalf of his constituents and everybody in the Furness region, to people 40 miles to the north. We were standing shoulder to shoulder. My hon. Friend is absolutely right to talk about community spirit and community values. One of the lessons that we need to learn is that that spirit and those values do not come about by accident; there is a deep cultural purpose to those values, but they are supported, helped and strengthened by policy decisions taken by the House. There will be a time to address such matters, but it is not now. I am grateful to my hon. Friend for his comments.

Tony Parsons continued his article by saying:

"No, this Britain is not broken."

That is the spirit to which my hon. Friend alluded. Perhaps most fittingly, Parsons gave us—or at least me—a simple phrase that encapsulates not simply the area but those whom I represent. Home to England's deepest lake and tallest mountain, he wrote that we have

"a beauty that is beyond landscape."

When that was read out in church on the Sunday after the tragedy, I am told that it had a remarkable effect on a usually stoic congregation. It certainly had a remarkable effect on me, and I will always be grateful. Why is it important? It is because the media, perhaps the most important force in our society—more so even than politics and politicians, even those in the Chamber today; we kid ourselves if we say that that is not so—have the ability to achieve so much good. We all know that the truth will set us free—it is a well-known phrase and a cliché, but it is true—so why do the media turn their collective back when they have the capacity to achieve so much good, so readily and so often?

The media local to the tragedy—the *Whitehaven News*, the *News & Star*, the *North West Evening Mail*, Border television, BBC Radio Cumbria and "Look North"—reported the tragedy with a care and diligence entirely different from that of the national media. That is because they are rooted in the area and care about the people about whom they are reporting. They understand the power of their roles and the effects of carrying them out in particular ways. The *Whitehaven News* was particularly impressive, as just one week before, it had reported the tragic deaths of Kieran Goulding and Chloe Walker, constituents who were killed in the Keswick bus crash. Like the *News & Star*, the *Whitehaven News* understands the role that it plays in my community and how it can help the community's healing process—not the families' healing process, perhaps, but certainly the community's. To give a parallel—I know that this is a difficult issue—certain national newspapers have elicited feelings in my community similar to those that were elicited in Liverpool by the way that the Hillsborough tragedy was reported.

The first lesson of the tragedy is that communities such as mine have a lot to teach other parts of the country about the power of community, cohesion, social justice, compassion and solidarity. Social policy must protect and strengthen those values and virtues. The second lesson is not to seek to curb the freedom of the press or broader media, but to seek a better, enforceable code of conduct for the media. Certain desperate, spiteful journalists have written some dreadfully inaccurate copy simply because members of the community would not speak to them on learning that they were journalists. That reflects badly on those journalists; naming them would surprise nobody and so serves no purpose today.

I come to the second lesson. One price we pay for a free press is its freedom to write such misleading and opinionated bile. However, press intrusion is not a price anyone has ever agreed to pay. Nobody ever agreed to have journalists camped on their doorsteps while they were in the immediate aftermath of bereavement; to have friends and family members offered money if they spoke to, or obtained a photo of, a distraught relative of one of those who died; or to have six-figure sums paid for exclusives, or smaller sums paid to them if they could tell the whereabouts or movements of certain individuals, even if those individuals would be going to school that day.

If the west Cumbrian community demonstrates just how far from being broken Britain really is, then behaviour like that from certain sections of the media demonstrates just how dysfunctional and broken the media's values are, and that their attempts to infect decent society with their values are iniquitous and wrong. I know journalists who have had their stomachs turned by the actions of some in their fold—they are far from being all the same—but surely such behaviour cannot be sanctioned and must be stopped. To that end, I will write to the National Union of Journalists and the Press Complaints Commission to seek meetings, and to discuss how the issue can be taken forward and how professional codes of practice can be improved significantly. I have spent so much time talking about the media because the activities of certain sections of them have weighed particularly heavily on the community in recent weeks. They have caused particular distress, anger and concern, and I feel duty-bound to articulate those concerns today.

The third lesson, so far, of the Cumbrian tragedy will be to review gun law; that is now essential. It does not necessarily mean that gun law can, will or should change; we must await the full facts of the case before we can assess them through the prism of the gun ownership laws. If any changes to the law could have prevented this tragedy, reduced its chances of happening or mitigated its effects, then it is a reasonable proposition to expect those changes to be made. Certainly, those are the views of some of the family members of those who lost their lives on 2 June. However, we do not yet know if changes are necessary.

The fourth lesson—this is imperative—is that the Government should release the £100 million pledged by the previous Labour Government to rebuild the West Cumberland hospital in Whitehaven. The cheque for the new development was in our hands on election day but taken from us when the new coalition Government were formed. The hospital is the fulcrum of my community and the entire west Cumbrian community, and demonstrated its worth again and again in the days and weeks that followed 2 June. Halfway through the general election campaign this year, that hospital saved my life, and it has saved countless more since. When my community needed it most, it was impeccable. The Prime Minister saw for himself just what a remarkable and valuable group of professionals there are at the West Cumberland hospital. I ask the Government again today to please release the funds required without any further delay.

[Mr Reed]

Demolition of the old hospital has commenced in anticipation of the new-build programme, and any delay beyond September will have serious consequences for the project, for service configuration and for the entire community. Please return to my community the money given to us by the previous Government. The Government must acknowledge the importance of the matter and act in the only human, compassionate way imaginable by returning this money as soon as possible.

There will be other lessons—about the value of GP practices, retained fire fighters, the civil nuclear constabulary, the Church and the essential role played by voluntary agencies. Those lessons need to be brought before the House, and I expect that they will; that should happen soon. I am grateful to the Home Office for the interest it has shown and the time that it has taken to address the issues so far. I expect a full and frank inquiry, the terms of which should be determined principally by my community and the families of those affected.

I expect that the Select Committee on Home Affairs will want to undertake its own investigations, too. I am particularly grateful to the Chair of the Home Affairs Committee, my right hon. Friend the Member for Leicester East (Keith Vaz), for visiting my constituency earlier this week to speak with Cumbria constabulary and Copeland borough council about their experiences in recent weeks. That was extremely beneficial and welcome. For the benefit of all those affected, inquiries should probably be undertaken sooner rather than later, but not in an immediate rushed sense.

It is imperative that no inquiry should begin with the purpose of attributing blame. The conclusions of the Association of Chief Police Officers investigation that is currently under way should be placed in the public domain as soon as it is completed. The Cumbrian constabulary has nothing to hide and is a source of pride among my community. It performed fantastically on 2 June as events unfolded, and I know, through my conversations with it, that it is determined for the full facts of the investigation to be known by the public. No price can be placed on the truth—that is what we seek before anything else. We do not want inquiries that seek to validate opinions or theories; we want the facts, and those facts must be acted on. Other issues, such as the support services in place for the bereaved and applications to the criminal injuries compensation scheme must be addressed, but those are not issues for today. Fundamentally, the concern of politicians must remain once the cameras have moved away.

Finally, none of us will ever forget Michael Pike, Garry Purdham, David Bird, Kevin Commons, Susan Hughes, Kenneth Fishburn, Jane Robinson, Darren Rewcastle, Jennifer and James Jackson, Isaac Dixon and Jamie Clark, and this House owes it to their memories, their families and my community to understand and act on the lessons of 2 June. They deserve nothing less.

Several hon. Members *rose—*

Mr Joe Benton (in the Chair): Before I call the next speaker, I point out for the benefit of new Members that if they have not already made their maiden speech, they may speak here, but they then forgo their right to a traditional maiden speech in the Chamber. I am sorry, but that is the rule, and I thought that I ought to point it out. At least hon. Members are now aware of that and can keep it in mind.

2.48 pm

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): I endorse the comments of the hon. Member for Copeland (Mr Reed). All of us who represent rural communities—I represent one on the west coast of Wales—can only imagine how dreadful an experience the event that we are discussing must have been. Everyone in the House and elsewhere will be reflecting on the things that the hon. Gentleman put so eloquently, and on the measured response that he and other professionals in his area have so diligently delivered for the rest of us. I should declare a bit of an interest, in that before coming into the House I represented an organisation that had rural communities at its heart. I have been lucky enough to travel to many isolated areas, including the hon. Gentleman's.

It is sometimes quite difficult to articulate to the wider public exactly what a rural community is—what its strengths are and why we are so passionate about it. It is also sometimes difficult to articulate what a blow an event such as this can be. Of course, it would be a blow to any community, but purely because of where I have worked and where I live, I feel that I understand where the hon. Gentleman is coming from. For that, I am extremely grateful.

The hon. Gentleman made his strongest point when he said that we should proceed from here on the basis of the facts. In the past, there have been occasions when the instant reaction to a dreadful event has been a little too knee-jerk, political and shy of the facts. That has meant that the problem has not been dealt with and that people who should not have been caught up in the aftermath have been punished or penalised. The hon. Gentleman's approach to this matter has been absolutely right, and has been generally endorsed across the House.

John Woodcock: I absolutely endorse the sentiments expressed by the hon. Gentleman and echo his call for our response to be fact-driven, but may I ask him whether he has any examples of knee-jerk and political responses to tragedies and of when the right outcome has not followed on from events?

Simon Hart: Yes, I have. Responses such as the Dangerous Dogs Act 1991 and legislation passed by a Conservative Government in relation to handguns did not achieve the objectives that this place and the public wanted, which is why there has been an ongoing debate about their effectiveness. There are also plenty of examples of people who have been adversely affected by the passing of that legislation. People at whom the legislation was aimed have hardly been touched at all, which is why a private Member's Bill on dangerous dogs is starting its process in the House of Lords as we speak. There are probably more examples, but those are two with which I am familiar.

I want to cover just one area of the four that the hon. Gentleman mentioned. Due to my previous interest in countryside activities, I should like to focus on the shooting community. I must be very careful about that because I do not want to underplay the seriousness of the situation or give any impression that those who

shoot, either recreationally or as part of their daily lives, are not sympathetic to the points that the hon. Gentleman made. Moreover, those who shoot are not unrealistic about the fact that many things will need to be reconsidered in the near rather than the distant future by this House and the other place. There is a real awareness that these are important issues, and nobody I know who possesses a shotgun or firearm certificate—professional or otherwise—is in any doubt about the need to get right to the heart of the problem.

Tony Cunningham (Workington) (Lab): Does the hon. Gentleman agree that it is in no one's interest to have a knee-jerk response? He is talking about the shooting fraternity, but it is not in the interests of the community of west Cumbria, or anywhere else, to have a knee-jerk reaction. What we need, and what my hon. Friend the Member for Copeland (Mr Reed) was asking for, is a thorough inquiry into the matter. I repeat: no one—but no one—wants a knee-jerk reaction.

Simon Hart: I absolutely agree. We cannot proceed without the facts. We cannot proceed sensibly until we have had the results of the inquiry by the Association of Chief Police Officers and of other investigations that may be associated with, or just on the fringes of, this particular incident. Yes, of course I endorse what the hon. Gentleman has said.

There is increasing evidence that, in many areas, gun crime is coming down while weapon ownership is going up, and interesting statistics on Scotland have recently been published on that score. Fewer than 0.5% of crimes involving weapons that have resulted in death or injury have involved licensed weapons—shotguns, in particular. As for the safety of the activity across the EU, target-shooting activities are among the safest for members of the public to take part in. If there is a lesson to be drawn from that, it is that any changes in legislation should be about the people who possess and use weapons rather than the weapons themselves. I mentioned the error that the Conservative Government made in relation to handguns. In that instance, they focused too much on the weapon, and not enough on the people who were ultimately going to be using it.

Moreover, there is not much evidence to suggest that shortening the certificate period for weapon ownership would have made much difference in these or other circumstances. Likewise, it is uncertain whether any evidence supports the theory that it is acceptable for people to keep no more than a certain number of guns.

I recognise the hon. Gentleman's comments about the media. The distinction in approach between the national and regional media resonates with rural communities. The idea that people would have to show a good reason for owning a weapon would be unlikely to make much difference, although I am not talking about this specific incident.

Lastly, let me turn to the thorny issue of mental health checks for people who wish to acquire and use weapons. The shooting community is particularly conscious of the matter and is inclined to investigate it further. Those checks have to find a way of safely predicting dangerousness, and that will be a very complicated medical judgment. GPs, who could be the final arbiters in applications, might be put in a very tricky position as far as potential liability is concerned if it emerged that someone they certified as safe to own and use a weapon subsequently turned out not to be. There may also be GPs who have a fundamental dislike of weapon ownership and shooting-related activities; that might put them and the applicant in a difficult position.

From the perspective of both a rural community and an urban community that has access to and enjoys weapons for whatever purpose, there is a real willingness to engage in the debate that has emerged from this tragic event. I do not think that anybody is under any illusion about the changes, but what I hope we can do is strike a proper balance between the safety of the public and proportionality as far as our freedom to own and use weapons is concerned. If we can achieve that balance as a consequence of the hon. Gentleman's efforts, we will have made sensible progress.

2.57 pm

Keith Vaz (Leicester East) (Lab): It is a pleasure to be in a debate under your chairmanship, Mr Benton; I think that this is the first such occasion for me. I am pleased to be following the hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart). One of the great values of this House is that Members come from so many different backgrounds. They are able to give the House their experience and expertise in areas of policy of which some of us have absolutely no experience. I represent an urban constituency, which does not have anything like the open space and rural background of the constituencies of many hon. Members here this afternoon.

I pay tribute to my hon. Friend the Member for Copeland (Mr Reed) for the way in which he has conducted himself as Member of Parliament for the area where the event that we are discussing took place. It must have been a 24/7 experience, the like of which none of us would ever want to be involved in. Of course, we are always there to represent our constituents every moment we are in the House, but what he had to go through was exceptional. He conducted himself with enormous dignity, and he is a credit to his constituency and to this House.

Tony Cunningham: I just want to endorse what my right hon. Friend has said about my hon. Friend the Member for Copeland. However, there is one word that he did not use that I should like to add—it is "leadership". That is what communities would always want to see in their MP in such difficult circumstances. Throughout this entire tragedy, my hon. Friend has shown real leadership and he is to be commended for that.

Keith Vaz: Indeed; my hon. Friend is absolutely right to say so. As we are in the business of acknowledging hon. Members, I should say that all the other Members with Cumbrian constituencies who are here today also played their parts in responding to this tragedy—the hon. Member for Penrith and The Border (Rory Stewart) and my hon. Friends the Members for Barrow and Furness (John Woodcock) and for Workington (Tony Cunningham). Those constituencies were just names to me until I went to Whitehaven on Monday. As I went down the motorway, I saw all those constituency names; I am sorry that I did not have a chance to notify the Members that I was driving past, as is the convention, but I tried my very best.

[Keith Vaz]

I will speak very briefly as I know that other hon. Members who represent Cumbria wish to be involved in the debate. I was in Whitehaven in Copeland on Monday, at the invitation of my hon. Friend the Member for Copeland, as I had expressed the view that it was important that we not only looked at the overall area of policy that is paramount in this particular case, but recognised, following statements made by the Prime Minister and the Home Secretary, that it was important that Parliament itself should look at the events that had occurred in this tragic set of circumstances.

Of course, those of us who live outside Cumbria send our condolences to the families of those who have died; it must be an awful experience for those families. On Monday, I met the vicar of Egremont and he told me about the funerals that he had conducted and the fact that it is a very close-knit community—everyone knows everyone else. The tragedy is taken very personally.

The hon. Member for Carmarthen West and South Pembrokeshire and my hon. Friend the Member for Copeland are absolutely right: the reaction of politicians, including the Prime Minister and the Home Secretary, was spot on. There was no rush to judgment. There was a careful and measured approach, as was demonstrated by my hon. Friend the Member for Copeland here in Westminster Hall today. That approach was also reflected in the statement of the Prime Minister when he went to Cumbria and by the Home Secretary in her statement to the House, which she made very soon after this tragedy.

It was right to say that we have to wait and see. There must not be a rush to judgment. Let us look at the facts, see exactly what happened and consider, in a careful and measured way, how to proceed. I think that that is what will happen in this particular case.

Nevertheless, I feel that it is important that there should be an urgency about getting to the facts. My hon. Friend and I had a meeting with the deputy chief constable of Cumbria, Stuart Hyde, who talked about a series of inquiries that were taking place. Clearly, the police do not want to leave things in a position where people have any further questions to ask, so there are a series of inquiries. There is the inquiry into the issuing of the gun licence, the inquiry into the circumstances of the day itself and another internal inquiry that the police are conducting. Those inquiries are all very important and very relevant.

At the end of the day, however, judging from the limited time that I spent in Cumbria, the interests of the constituents of my hon. Friend and other Cumbrian MPs will not be served until all the facts of the case come out, so that people know precisely what happened. That is important, although not so much for us to guard against this tragedy happening again—because, although we do not know the full facts yet, we think that this tragedy could have happened anywhere in the country at any time; this was not a premeditated series of events. It is important because it is right that the public should know about the full sequence of events. So I hope that when the Minister responds to the debate, he will tell us something about the timetable that has been placed on the local police force in Cumbria.

Although the deputy chief constable of Cumbria did not ask for additional resources, there may be a resources issue. As a second point of clarification, I seek an assurance from the Minister that, if those additional resources are necessary, they will be provided.

The deputy chief constable spoke intelligently about the fact that Cumbria does not own a helicopter, for example. He also said that, in his view, Cumbria does not need one. A deal had been done with another force—the Greater Manchester force, or perhaps the Merseyside force—to provide a helicopter when it was required. Obviously, not all police forces can have their own helicopters, but there may well be resource implications that need to be examined in the cold light of day.

I hope that in the meantime, before we get to the conclusion of the inquiries, whatever Cumbria's police ask for and whatever hon. Members feel is appropriate is provided. I know that the Prime Minister has said to my hon. Friend the Member for Copeland that he is keen to know the views of local people; I know that, because my hon. Friend told me so on Monday. If the local people ask for something, I hope that it will be granted.

As we all know, we are in something of a limbo situation. As we speak, there are elections for the membership of the Home Affairs Committee, so that Committee has not yet been formed. However, at our first meeting I will certainly recommend to members of the Committee that we should look at this area, because I think that it is important that Parliament itself should examine the wider issues. We should not necessarily examine the detail of what happened, although of course we will need to take evidence from those involved, but we should examine the wider area of the policy issues that emanate from what has happened.

As I am sure the hon. Member for Carmarthen West and South Pembrokeshire will remind us, we have some of the tightest and strictest gun laws in the world and people will find it amazing that anyone should have been able to do what this person did to the citizens of Cumbria and then to himself. However, the fact is that we will have to look at the issue of gun law in the round. It would be very odd if we did not look at it.

I think that that is what my hon. Friend is talking about; he is not saying that there should be an instant revision of firearms legislation, but that we need to look at firearms legislation in context. The Home Affairs Committee last looked at this issue 10 years ago, when we made certain recommendations about having people on the national register. Immediately, the issue of data sharing is important too. When a gun licence is applied for and the data about that application are held locally, what happens to them? Are they available to others?

So broad issues need to be raised, without our getting into the finer detail of this case, because that is what the people will require. Of course, it is up to the Committee to decide on the inquiries that it carries out. It is not up to the Chairman, even in these days of electing Chairmen and having independence and accountability to Parliament. But I very much hope that this is an issue that we will look at when we have the opportunity to do so.

My hon. Friend mentioned a number of other issues concerning the media and his local hospital. On the media, I think that he has made some very valid points. It is important that we look at how these matters are

reported and he is absolutely right to want to write to broadcasters and the Press Complaints Commission asking them to look at the overall handling of this situation.

My hon. Friend is also right to praise his local media, as we all do, because they have a better feel for local people. They are unwilling to trample on the lives of people, either the living or the deceased, because they know that they will be meeting them again. For the national media, it is something of a visit; they may be there 24/7 during the rolling period of a crisis, but they then go away quite swiftly to the next story. My hon. Friend's concern is about how the story was reported at the time and I was certainly told about examples of cheque-book journalism and other issues of that kind, which really ought to be explored. He is right to raise this whole issue of the media; it is one of the lessons of Cumbria and one of the points that we need to remember.

As for my hon. Friend's local hospital, I am sure that he makes his case more powerfully than anyone else here can, and I am sure that that case has been heard by Ministers. I wish him well in what he seeks to achieve.

In conclusion, the people of Whitehaven, its local Member of Parliament and the other Members of Parliament who represent the region desperately want to return to normality. I had never been to Whitehaven before Monday. It sounds odd, but I think that the furthest north that I had travelled in England previously was to Carlisle; of course I had been to Scotland before, including to the western isles many years ago on parliamentary business.

On my visit to Whitehaven, I saw a very beautiful place; it was absolutely stunningly beautiful. Local people, including the excellent leader of the local Labour group, Elaine Woodburn, and the local vicar, Richard Lee, wanted to return to normality. They want Whitehaven and Cumbria to be remembered for the beautiful places that they are, rather than for any other reason. We have a duty to ensure that they are able to return to that position. We also have a duty to ensure that all the facts come out. I hope that the Minister will assure us that the Government are also keen that that should happen.

3.9 pm

Rory Stewart (Penrith and The Border) (Con): I was not intending to make a maiden speech today, but I can think of no better example of what Parliament is about than the issue that the hon. Member for Copeland (Mr Reed) has brought us. There is a precision, a compassion and a sense of dialogue and openness in this room that I wish was more present on the Floor of the House, so I am proud to be making my maiden speech. The hon. Gentleman's contribution was immensely deeply felt and measured. He balanced the kind words of Tony Parsons with the horror of cheque-book journalism. His commitment to the West Cumberland hospital really came across, and I very much hope that our Government will be able to sustain the hospital. As the hon. Gentleman said, the Prime Minister was very impressed by his visit.

As the hon. Member for Barrow and Furness (John Woodcock) pointed out, Cumbria is a dense and complex web, which stretches across the artificial boundaries created by the Boundary Commission. Grandchildren of constituents in Brampton were in the hon. Gentleman's constituency when the shots were fired. In all that we do, I hope that we reflect that dense web of Cumbrian culture in two specific ways. I hope that we look at the lessons of the tragedy in terms, first of distance and secondly of the way in which we conduct the inquiry. Both should reflect Cumbrian approaches.

In terms of distance, we need to understand the sad but powerful lesson that we represent a county defined by its sparse population and long distances. That is why the West Cumberland hospital matters and why we in Penrith and The Border think all the time about what would have happened had some terrible tragedy occurred in Kirkby Stephen, which is an hour and a half from the Carlisle hospital.

In this time of potential budgetary cuts, we need to fight hard to make sure that the police services that got 47 armed officers on the ground within an hour continue to be able to do that. We should also remember that recent events are an argument against hasty amalgamations, against closing our cottage hospitals and turning them into big hospitals, and against amalgamating the Cumbrian police with the Lancashire police. As we have seen, local services are much more responsive and flexible, and they can draw on services available in other parts of the country and make them operate more effectively.

We need to fight for such things. That is partly because although Cumbria is one—although we are a dense web—the needs of people in Copeland are very different from those of people in Penrith and The Border. Although we are one, we are also divided in very sad ways. The life expectancy figures on the west coast are nearly 20 years shorter than those in the east of Cumbria. Those are the kinds of things that we need to work together to overcome. They are also the reason why all our specific services—the police, the fire service and social services—need to be local, adept, flexible and focused on specific communities and to be pragmatic in responding to them.

That brings us to the inquiry. The hon. Member for Copeland talked about Cumbrian virtues. As he said, the fundamental element of Cumbria and of the whole border is people who are slow to react and slow to anger, but who, when they are determined, are resolute and focused. Let us hope that the inquiry reflects those values. As the hon. Gentleman said, we should not rush into anything, but once a decision is made we should stick with it and push it through.

We should not have some grand commission based in London, with people who know nothing about Cumbria, guns or mental health pontificating in an abstract fashion. We need the very virtues that the hon. Gentleman saw in the local newspapers to be part of a local inquiry and a local commission. Those involved should include mental health professionals, the police and, above all, Cumbrians. Too often, our farmers and our teachers are ignored in favour of distant bureaucrats. Let the commission and the inquiry reflect Cumbrian values; let those involved be slow to anger and resolute, but also precise, pragmatic and focused on the exact events of the day of the shootings.

On that point, let me end my maiden speech by saying that it is a great honour to stand in this room with the hon. Gentleman, who is an impressive leader. It is also a great honour to participate in a debate that shows the precision, level of inquiry and openness that I hope can characterise the House as a whole.

3.14 pm

Tony Cunningham (Workington) (Lab): If this was the Floor of the House of Commons, I presume that the tradition would be for me to pay tribute to the maiden speech that we have just heard. I know that this is not the Floor of the House, but with your permission, Mr. Benton, I would like to pay tribute to the hon. Member for Penrith and The Border (Rory Stewart). I congratulate him on his excellent and moving maiden speech and thank him for his genuine concern, which was heartfelt. It was very much appreciated by myself and, I am sure, by my hon. Friend the Member for Copeland (Mr Reed).

I pay tribute to the emergency services and the wider community. We can only imagine what the emergency services—the police, the hospital staff, the doctors and the nurses—had to face, given the severity of the gunshot wounds; it must have been absolutely awful for the police officers and the doctors and nurses who looked after people.

The majority of the armed response officers who were involved were not police officers, but Civil Nuclear Constabulary officers. They are not the Minister's responsibility, although the Home Office often believes that they are. However, I ask the Minister to take a personal interest in the Civil Nuclear Constabulary, which would like a number of issues to be looked at. I pay tribute to its officers, as well as to the police, because they did a fantastic job.

One group that we sometimes forget is the Churches. They were in evidence in huge amounts, as was the desperate spiritual need that the community felt. Whatever the denomination, the Churches played a significant part, and I pay tribute to them.

For a couple of weeks after the shootings, I carried around the article that Tony Parsons wrote in the *Daily Mirror* on the Saturday. I would be in the pub and I would tell people who were talking to me about the tragedy to read it. Not a single person who did was not wiping away a tear when they had finished—it was so moving. We should compare that article with what I can only describe as some of the rubbish that was written. I sent a little handwritten note to Tony Parsons—I hope that he got it—telling him what we in the community felt about his article.

On West Cumberland hospital, I spoke to a senior member of the community, who simply asked, "How on earth could anyone ever dream of not giving us the money?" We should think of what the hospital has been through. We had the floods last November, the terrible tragedy of the Keswick coach accident and then the shootings. How could people even think of not giving the area the money that has been promised? I do not think that they can, but we will continue to fight to make sure that the money is made available and that we get a brand-new hospital.

The weekend after the tragedy, I was standing at the bar in my local pub talking to a friend. We were talking about how awful, difficult and tragic the shootings were and about the enormity of what had happened. My friend looked at me and said, "We'll get through this though. You know why? Because we're west Cumbrians." On that note, I would like to finish.

3.19 pm

Tim Farron (Westmorland and Lonsdale) (LD): It is a pleasure and a privilege to serve under your chairmanship, Mr. Benton. I thank and pay tribute to the hon. Member for Copeland (Mr Reed)—I will call him my hon. Friend—for bidding for and getting the debate. I also pay tribute—not out of form, but out of sincerity—to my neighbour, the hon. Member for Penrith and The Border (Rory Stewart). He has stepped out of line in a courageous way and made a maiden speech in an unconventional place and an unconventional manner on an issue that genuinely matters. I am sure that that will be noted by many.

There are not words to describe the horrors of 2 June and what followed, but there are words to describe the response of the community—compassion and solidarity, above all others. As the hon. Member for Workington (Tony Cunningham) and the hon. Member for Copeland said, that response defined and continues to define what happened. The hon. Member for Copeland in many ways embodies that spirit, not just by showing leadership in his community on the tragedy that we are debating, but in his response to the other tragedies that took place only days earlier.

There has been talk about London journalists. I am more used to reading Tony Parsons's comments about 1970s pop culture than what he writes about modern tragedy in west Cumbria. However, he and other journalists who went there, whose conduct we will perhaps talk about in a moment, came away staggered by the strength of the communities and their response. London journalists make it their business in their line of work to visit the scene of dreadful tragedies. I am not trying to create a league table of community response, but without a doubt they have been staggered by the tremendous solidarity shown in the communities of Cumbria—not just those that were directly affected, but communities throughout the county.

Craig Mackey, the chief constable of Cumbria, who has been a policeman for 25 years, said that the event was by far the most hideous thing he had ever had to deal with—and he has seen some pretty hideous things. As has been mentioned by the hon. Member for Penrith and The Border, NHS staff and experienced police officers had never seen a gunshot wound, never mind several of them in one day. It needs to be said that they dealt with things with stoicism, compassion and professionalism. We expect the emergency services to be outstanding, and they were, under extreme pressure. In many cases they put themselves in harm's way to provide assistance to stricken people. They dealt with physical and emotional traumas on that hideous day. The police, national health service staff—ambulance drivers, paramedics, doctors and nurses—mountain rescue teams, volunteers and others put themselves in harm's way to provide assistance when it was important.

My constituency was not touched directly by the shootings, although the towns and villages of Ambleside, Coniston, Grasmere and Hawkshead were put on lockdown for much of that day, as it was feared that the gunman could arrive on the streets at any time. Cumbria is a huge county, but it feels small after such an incident. Connections emerge all over the place. My 25-year-old brother-in-law will not mind my saying that he is a rookie policeman, and for him it has been a baptism of

fire; and a close friend of mine happened to be on the campsite at Boot where the final shootings took place. Even aside from such personal connections, if you kick one Cumbrian we all limp; and there is a sense of solidarity and standing together that shines through.

To echo the comments of most of the hon. Members who have spoken, a knee-jerk response from legislators would not be sensible. That does not mean that there should be no response; but hard, tragic cases make bad law, without a shadow of a doubt, and the laws passed in response to previous tragedies have clearly not prevented subsequent ones. We should not jump to conclusions. There is always a sense—which I share—that something must be done; we feel powerless. For now, at least, that something is to support the community and help it to recover. Lessons must be learned thoroughly. It goes without saying that there will be no trial, and that is why a full—and I would say public—inquiry is crucial, on terms set, as has already been said, by the community. That should not be to point the finger at anyone other than the culprit—not the emergency services or anyone else—but an inquiry is necessary to enable us to learn lessons from the tragedy.

There are some lessons that we should not learn. Like the hon. Member for Barrow and Furness (John Woodcock), whom I welcome to the House, I represent a good chunk of what is rightly Lancashire, but some of the patronising stuff written in the media focused on Cumbria being a pitifully small county with a police force that cannot deal with its problems. That is nonsense. Recently there was a proposal to merge Cumbria and Lancashire police forces; that would be the wrong lesson to learn. It would not help the grieving communities to put their police headquarters in Preston rather than Penrith.

Finally, I endorse the comments of the hon. Member for Copeland about the reaction of elements of the media. The media must leave families to grieve and to recover in dignity and peace. We must not, in future, allow them to turn such tragedies into a mawkish circus.

3.26 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): I want briefly to add to what has been said, and to pay tribute to an excellent and unconventional maiden speech by the hon. Member for Penrith and The Border (Rory Stewart), which was quietly powerful. I also want to add to the comments on how my hon. Friend the Member for Copeland (Mr Reed) has conducted himself. All new Members come here wanting to represent our communities in the best way, and we look for examples of ways to do that; my hon. Friend has been an inspiration to me and others by his leadership in such difficult times, speaking out and representing a community in great pain. That will always stay with me.

My constituency is south of my hon. Friend's, and like that of the hon. Member for Westmorland and Lonsdale (Tim Farron), it was not directly affected, although the town of Broughton was put under lockdown when no one knew where the gunman was going. Also, about 700 people a day travel to Sellafield to work, so there are deep ties, including family ties, there. Everyone knows someone who has moved down from Whitehaven, or moved up, and the family bonds between those areas are incredibly strong. I know that my constituents see the hurt and suffering of their west Cumbrian neighbours, friends and colleagues, and are at a loss to know how to help, but they stand ready, as we all do, to try to help the community through.

I do not want to add to the comments on the national press, because a powerful case has been made about what people have seen at first hand, and the effect on the community. However, I want to mention the local press. I fully endorse the huge value of the community role that it plays throughout the year, in community events big and small—and never does it play that role more fully than in such circumstances as we are debating. The local press and media are going through difficult times; part of that is due to reforms that they are undertaking to try to ensure that they are financially viable at a time when technological change makes that increasingly difficult. However, the Government must continue to look for ways to support local papers and media. I hope that they will think carefully when they consider their policy on public advertising, for example, which has the potential to take out a vital income stream from the local press. That would make things far more difficult. It is so important that we keep such institutions able to serve the community.

I endorse the case that has been made for continued investment in the police and the hospital in the area. They are early examples—there will be so many more of them as the weeks and months go by—of cases where the need to ensure the sustainability of the public finances nationally runs hard against local communities' needs for continuation of services. No one can pretend that this Government will not face difficult choices, or that any party that had won would not have done so. That is why it is essential that the efficiencies that we make are not driven beyond what is ultimately best for the economy, and do not damage our local communities to such an extent that it will be difficult for them to recover. I am not making a party political point; I simply urge Members on both sides of the House to bear that in mind.

On the inquiry, it is clear that looking at mental health provision in respect of firearms licensing is absolutely necessary, as is a review of mental health provision in the community generally. We do not know—we can never fully know—but it is extraordinarily unlikely that a person would flip overnight from being completely mentally stable to committing such dreadful atrocities. It may be that we are talking about something that it simply was not feasible to have picked up, but that is a point to consider when we look at mental health provision in the wider community.

Finally, I endorse what everyone has said about the need to look at gun licensing thoroughly in the round, and to not make a knee-jerk response, but I urge the Government to come to the matter with an open mind, and not a preconceived idea that legislation to restrict guns is not the way to go; that would steer them on to another path.

We may review the matter and decide that the laws are as tight as they feasibly can be and that, given the balance of risk, the restrictions that would have to be imposed for further tightening would be disproportionate, but it would have been far less likely that a man who had a licence to use firearms for sport would have gone on a lethal killing spree if he had not had access to those guns. That does not prejudge any review of the

[John Woodcock]

balance to be struck and the consequences of further tightening, but it is essential that the matter is looked at as a separate question. Clearly, in rural areas such as mine and across the whole of Cumbria, farmers have a real need for firearms, but we must be prepared to take an open-minded look at guns for sport, and all the pros and cons.

Simon Hart: Will the hon. Gentleman give way?

John Woodcock: I was about to finish, but I shall give way.

Simon Hart: I simply want to pick up on the issue of the review of mental health provision, which the hon. Gentleman rightly raised. Most people would be open-minded about such a review, and I agree that it should proceed on the basis of evidence rather than anything else, but surely there can be no distinction between people who own weapons for sport and people who own weapons as part of their livelihood when it comes to mental health assessment.

John Woodcock: That is a good point. I was not thinking of that specifically when I spoke about a review of mental health provision, although those issues must form part of it. As I said, it may be impractical to say that guns that are held for sport should not be kept at home but in some kind of secure premises, but it is right that we examine the matter and look at whether a distinction can be made between guns that are needed by farmers, which clearly need to be kept at home, and guns used for sport, which one cannot say need to be kept at home. It may be disproportionately difficult to put in place other arrangements, but I hope that the issue will be properly examined as part of the Government's inquiry.

3.35 pm

Mr Alan Campbell (Tynemouth) (Lab): It is customary on such occasions to congratulate the Member who secured the debate, but I know that on this occasion my hon. Friend the Member for Copeland (Mr Reed), like me, wishes that we were not here and that the events had not happened—but they did. He spoke movingly and with great dignity and bravery. I want to place on the record the high regard in which I hold him, as a result of not just what has happened in the past few weeks but the work that he has done on behalf of his community and the leadership that he has shown, which has also been shown by my hon. Friends the Members for Workington (Tony Cunningham) and for Barrow and Furness (John Woodcock) and, indeed, all hon. Gentlemen from that part of the world, as their local communities faced such tragedy. Our condolences go to the friends and families of those whose lives were taken.

I wish to pay tribute, as many speakers have, to the emergency services in the affected communities and also from across the north of England as additional resources were brought to bear on these terrible events. I want to place on the record our thanks to the Sellafield police, who have been referred to previously, who played an important role.

It is entirely right that investigations are taking place into what happened in west Cumbria on 2 June. As my right hon. Friend the Member for Leicester East (Keith Vaz) said, issues will be raised around resources and how they were deployed, and the resources that will be available in the future. It will seem incongruous to people for whom this is a raw and recent memory that the chief constable and the police authority in Cumbria should be discussing the loss of dozens of front-line officer posts at a time when the force has faced perhaps its greatest challenge.

We also heard about the West Cumberland hospital. *I hope that these matters can be dealt with sensitively.* I know that the Minister, who I welcome to his post—I wish that it had been under other circumstances, but I do welcome him—is a decent man, and that he will fight the Home Office corner. I would expect that his colleagues in the Department of Health would do the same. Members of Parliament from that part of the country are fighting the corner on behalf of their constituents, and I expect Ministers to do the same, because public services in this context—the emergency services—are synonymous with public safety.

The Government were entirely right not to rush to legislation, but it would be wrong to dismiss the positive effects of the earlier legislation which was referred to, particularly that following Hungerford and Dunblane. As the hon. Member for Westmorland and Lonsdale (Tim Farron) said, it may not have prevented this tragedy—it did not—but it may have prevented tragedies in other circumstances.

We have one of the strictest gun control regimes in the world, but if there are lessons to be learned we must learn them, and if changes need to be made we must make them. We should await the outcome of the Association of Chief Police Officers peer review of what happened in Cumbria, but there are already existing concerns. I do not want to prejudge that inquiry in any way, but as the hon. Member for Carmarthen West and South Pembrokeshire (Simon Hart) said, questions must be asked, and in the fullness of time we should try to answer them. He and I may have slightly different views, although I am by no means against people using guns as part of their jobs or sporting activities, but was it right, with hindsight, to move from three-year to five-year licences? Is there not a danger that when applying for a licence by post or, heaven forbid, by iPhone, as a media report suggested this week, the police will not make a visit? Such visits are not a statutory obligation, but might keep gun owners on their toes and allow their families to raise any concerns.

Reference was made to health care professionals, but if data protection concerns can be overcome, it would be sensible for health care professionals to be able to flag up any concerns. I accept that such issues might have had little bearing on what happened in west Cumbria, where police checks are carried out, but those concerns are legitimate, and we should discuss every aspect of them. I have looked back at earlier debates on gun control, and much was said about the cost of the bureaucracy that checks might bring, but we must keep people and communities as safe as possible, so we must have a balanced approach.

We await the outcome of the peer review, and I welcome the Government's commitment to a debate in Parliament. However, I ask, as have many contributors

to the debate, that the Government do not close the door to a wider, independent debate and a review of the events in west Cumbria and of gun laws generally. The hon. Member for Carmarthen West and South Pembrokeshire referred to balance and proportionality, which is subjective in this context, so from time to time we need learned and wise but, most importantly, independent voices to bring their views to bear.

I want to hear what the Minister has to say, so I shall finish by saying that in the months and years ahead, the people and communities affected will want to get on with their lives—that is probably happening already—and *as far as possible not to be constantly reminded of what* happened on 2 June. I represent an urban constituency where there was a gun rampage 20 years ago, albeit with fewer deaths than in Cumbria. Constituents ask me why, when events such as that in Cumbria occur and on their anniversary, the press continue to return to the tragedy that affected their community. The answer, I am sorry to say, is that while we have lazy and easy journalism, we cannot give guarantees that that will not happen, whatever we feel about it. It is incumbent on us, in Government and in Parliament, to stand by those communities, not just now, but in the years ahead.

3.43 pm

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): At around this time three weeks ago, we were all feeling a real sense of shock as the full horror of events in Cumbria became apparent. The last funerals took place on Friday, and I join other hon. Members this afternoon in expressing condolences to the families and friends of all those who were killed or injured. Our thoughts are also with all those who were caught up in some other way in the tragic events. We should remember in particular the police and emergency services, who had to deal with the immediate consequences of the shootings, and who did so with professionalism.

I also want to join the many others who have praised the resilience of the people of Cumbria, who, with true community spirit, have pulled together in their efforts to come to terms with this and other recent tragedies. They are surely an example to all of us.

I thank the hon. Member for Copeland (Mr Reed) for providing this opportunity to debate the lessons that might be learned from the tragic shootings in his constituency on 2 June, and particularly for the sensitive, considered, measured and moving way in which he opened the debate. I would like to add my tribute to those paid by many others, both this afternoon and in recent weeks, for the way in which he dealt with the immediate aftermath of that shocking tragedy, and the way in which he has conducted himself since then.

I fully recognise the depth and range of feeling on the matter and the need for a broad debate. We have started that process today. A range of issues were touched on and, as the hon. Gentleman rightly said, many fall outside my specific ministerial responsibility, but I know that my ministerial colleagues outside this Chamber will read the debate and reflect on the comments that he and others have made this afternoon, particularly about West Cumberland hospital and its funding. I will draw them to the attention of my colleagues in the Department of Health.

An issue that came through strongly is the sense of community among the people of Cumbria. It was made clear in many speeches, including the measured contribution from the hon. Member for Barrow and Furness (John Woodcock), who may not have been in the House long, but has shown clearly how he seeks to represent his constituents. My hon. Friend the Member for Westmorland and Lonsdale (Tim Farron) also referred to the strength of the community and emphasised its sense of purpose. The hon. Member for Copeland talked strongly about solemnity, dignity and purpose, and his comments will resonate clearly.

I pay tribute to the maiden speech by my hon. Friend the Member for Penrith and The Border (Rory Stewart). It was considered and eloquent, but also passionate. I got a sense of my hon. Friend's constituency and of his priorities as a Member of this House, and that is what new Members of Parliament seek to give in their maiden speeches. He made his extremely well, and I well understand why he chose this debate in which to make his first contribution to the House. In doing so, and in his actions as an MP, he demonstrated why he will be a fine champion for his constituents and those whom he serves. The way he conducted himself during his maiden speech demonstrated the values that he spoke about.

I have been particularly struck by the perception of many people that it is difficult to have in place proportionate controls to deal with those rare occasions when, for no apparent reason, someone suddenly embarks on a series of horrific killings. There has been ready recognition, both this afternoon and earlier, that a knee-jerk response is unlikely to provide a lasting solution, or the one that people seek, and that has been reflected in the contributions this afternoon.

Alongside that, however, there is a strong wish to ensure that we do all we can to learn lessons about both how we respond to future incidents and what we might reasonably do to prevent them, which is what we all fervently wish to do. That approach has been characterised today, and the debate has raised much for us to reflect on. Above all, we should listen carefully to what the local communities are saying. The Minister of State, Ministry of Justice, my right hon. Member for Arundel and South Downs (Nick Herbert), who has responsibility for policing and criminal justice, will return to Cumbria in the near future to talk to local groups about what happened, and to hear more about any concerns that persist.

Cumbria police are busy conducting a huge, complex investigation involving 30 crime scenes, 12 deceased victims, one offender and 11 seriously injured victims. Each incident requires a major investigation of its own—Cumbria is running more than 20 at same time. In the initial phase of the investigation, 100 detectives were working on the case and they searched 225 sq km of the country from land and air. Witnesses are still coming forward and the investigation will take many months to complete. I recognise the desire for answers and the points made by the right hon. Member for Leicester East (Keith Vaz), who I understand was not able to stay for the wind-ups—I pass my congratulations to him on being elected Chair of the Select Committee on Home Affairs—but it is important that the investigation takes its proper course. The Association of Chief Police Officers peer reviews—I will talk more about them in due course—are anticipated to report by this autumn.

[James Brokenshire]

We all recognise what a huge amount of work the investigation is for Cumbria police, but I have spoken to chief constable Craig Mackey and he has assured me that the force has the necessary resources and expertise to cope with the task. However, if it becomes necessary, the Government will support any bid from Cumbria police for a special grant to help meet exceptional costs on the force budget. Cumbria police have already received some specialist support from neighbouring forces, including police helicopters and scenes of crime officers. I would like to take this opportunity to formally thank Dumfries and Galloway, Lancashire and the civil nuclear constabulary for all the help that they have provided so far—a point made by the hon. Member for Workington (Tony Cunningham). Local forces stand ready to help should further assistance be required as the investigation progresses.

Tony Cunningham: May I ask for an assurance that there will be proper collaboration between the two relevant Departments? Obviously the police are the responsibility of the Home Office, but the civil nuclear constabulary is the responsibility of the Department of Energy and Climate Change. I would like to make sure that the connection is there and that, when the inquiry takes place, there will be collaboration.

James Brokenshire: Certainly there is a wider point of discussion on policing and cross-border assistance, and the hon. Gentleman has made an important point about the need for any consideration of the issues to take into account other police forces. He has rightly highlighted the case of the civil nuclear constabulary, and other forces, such as the British transport police, sit within the Department for Transport. When considering policing issues, we need to factor in services that might sit within other Departments, too. He makes his point very effectively.

The hon. Member for Copeland has made a significant contribution to the learning process by securing and leading the debate today. There are, as we know, other reviews in hand that will add to our knowledge. I refer to the peer reviews that ACPO has set up at the request of the chief constable of Cumbria, Craig Mackey. Those reviews will cover firearms licensing procedures, the tactical and strategic police firearms response, and any aspect of the incident that may require further national or local guidance.

The ACPO lead on firearms licensing, Assistant Chief Constable Adrian Whiting, will review the file and the procedures adopted in relation to the award of a firearms licence and shotgun certificate to Mr Bird. He will also consider whether there are any significant gaps or risks in the licensing process. The question of the armed police response and the resources that were available for deployment to the scene will be addressed by the ACPO lead on the police use of firearms, Assistant Chief Constable Simon Chesterman.

Following the conclusion of the first two reviews, there will be an examination of firearms tactics and the ACPO manual to see whether any accumulated learning should lead to changes. I should confirm at this point that the firearms response review will cover the issues previously raised by the shadow Home Secretary about the possible need to absorb lessons from counter-terrorism policing. In picking up the lessons from Stockwell, the police service has already put in place systems to ensure that any tactics developed to deal with counter-terrorism are not developed in isolation, but are picked up by authorised firearms officers across the country. The peer reviews are being led by senior police officers who take the professional lead in their areas of expertise and who are therefore uniquely placed to identify the issues. We expect the findings of both reviews to be published in the autumn.

On firearms licensing, the shootings in Cumbria bring home all too starkly just how dangerous firearms can be in the wrong hands, and it is inevitable that questions will be asked about the UK's firearms licensing laws. It is widely acknowledged that we already have some of tightest legislative controls in the world when it comes to civilian access to, and possession and use of, firearms. Any firearms held must be accompanied by a certificate that is issued following extensive checks by local police, who must satisfy themselves that an applicant is fit to be entrusted with a firearm and will not present a danger to public safety. Local police must be satisfied that an applicant has a legitimate reason for wanting a firearm—for example, target shooting or deerstalking. The police will visit applicants at home to interview them about their application and to check security. They can seek a medical report from the applicant's GP if they have concerns about any medical condition.

On that point, I would like to come on to an issue raised by my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart). Applicants for firearms certificates must give details of their GP, from whom the police can seek a medical report. That is not limited by time, and the police can approach the GP at any time during the life of a certificate. It is also open to a GP to approach the police at any time to pass on information or possible concerns. However, ACPO is working with medical associations to ensure that any medical concerns are not missed. It is discussing the possibility of placing a marker on NHS patient records, so that a GP will know whether a patient has access to firearms and can notify the police of any concerns about the suitability of that. We are following this process closely and we will feed the outcomes into subsequent work on gun controls as required.

It is only right that we should reflect on whether more might be done in that context to ensure public safety. In doing so, we have to look carefully at the balance between the maintenance of public safety and the legitimate expectations of the vast majority of firearm owners who use their guns safely and responsibly, and who totally condemn those who misuse them. The control of firearms is a complex area that requires careful consideration, a point rightly made by the hon. Member for Tynemouth (Mr Campbell). I thank him for his kind comments and assure him that we will consider all the issues extremely carefully. As he pointed out, we plan to hold a full debate on the issue of firearms before the summer recess, which will provide an opportunity to air in greater depth some of the issues raised today about existing controls.

As I said at the outset, this is the start of a process, and the debate that I just mentioned will provide an opportunity for people who wish to make more detailed comments about firearms legislation to do so. Even then, we should not draw conclusions precipitately. It is important to wait until we have the results of the police

investigation and the peer reviews before we decide whether we need to take specific further action, either by issuing further guidance, introducing new procedures or, potentially, changing the law. I reassure the hon. Member for Barrow and Furness that we go into this process with an open mind.

We will also consider at that stage whether there is need for any further inquiry. The Government are committed to supporting the affected communities in this terrible situation, and we want to find out from them how we can best help them. The Department for Communities and Local Government has already asked its emergencies management team, which offers support to local authorities that have suffered disasters and emergencies, to contact the local authorities involved to see what support they require and what assistance they may need. The local authorities were confident that they had the resources available to cope, and that no further assistance was required.

I understand that the Government office for the north-west has contacted Cumbria county council and Copeland district council to offer assistance. Again, no further assistance has been requested at this point in time. We are confident that the local authorities will make immediate contact with the Government office for the north-west should any further assistance be required at a later date. The Government office stands ready to broker mutual aid support with the voluntary sector, should that be necessary.

Copeland and Cumbria councils are working to understand the needs of the families and communities affected, and have put in place arrangements to provide counselling and personal support. In addition, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd), the Minister with responsibility for Civil Society, will be visiting Cumbria tomorrow to meet the local authorities and the council for voluntary service to see what extra support or assistance they need.

In conclusion, this is the start of considering the issues that we have debated this afternoon. We have heard much about the spirit of the people of Cumbria and how they have been supporting each other. Such community spirit is truly priceless. For our part, we shall continue to liaise with the Cumbria constabulary to follow up any areas that require further or wider consultation. The learning from the reviews, which is expected in the autumn, will be shared with the public, the wider police service and, of course, the House.

Tolls (Severn Bridges)

4 pm

Jessica Morden (Newport East) (Lab): I am grateful for the opportunity early in the new Parliament to raise the long-standing issue of the tolls on the Severn bridges and their impact on my constituents and businesses generally in south Wales. I welcome the Minister to his new role. I had a very constructive relationship in the last Parliament with my right hon. Friend the Member for Tooting (Sadiq Khan), who was then the Minister of State in the Department for Transport. I look forward to continuing such a relationship with this Minister. I am very grateful for the cross-party interest in the issue, which is shown by the turnout at this debate, despite the football. I apologise for the fact that the debate is taking place during the match. It was looking encouraging before I came into the Chamber, but I apologise to those hon. Members who are missing it.

The Severn bridge tolls are expensive, inconvenient and inflexible; we know we are in trouble when we are the butt of jokes on "Gavin and Stacey". In one famous episode, Smithy nearly missed the birth of his child because he was 10p short when crossing the Severn bridges. People cannot pay by credit card, debit card or online. They cannot travel off peak and there are no concessions for those who live locally. However, the tolls continue to rise year on year, even though the service is outdated.

Mr Mark Williams (Ceredigion) (LD): I congratulate the hon. Lady on securing the debate. She mentioned the cross-party nature of the issue. I am sure that I can agree with what I anticipate she is going to say. She will agree that the issue does not affect just her constituents and the M4 corridor; some geographic spread from west Wales is involved as well, reinforcing the point that this is an all-Wales issue, affecting, particularly at this time of year, the tourism sector and, more generally, the business sector. It does not affect just south Wales, but the whole of Wales. It is a totemic issue affecting the whole Welsh economy.

Jessica Morden: I thank the hon. Gentleman for his intervention and agree that this is an issue for the whole of Wales. In particular, first-time visitors to Wales are an example of that. The issue does have that impact. I receive a bulging postbag on the issue from constituents and businesses and I want to highlight some of the points that they raise with me.

First, will the Minister examine the cost of the tolls? Every year on 1 January, the tolls go up in accordance with the Severn Bridges Act 1992. Under the agreement with Severn River Crossing plc, the company is permitted to collect tolls from both bridges for a concessions period until the project's target real revenue level is reached or the time limit is up. I understand that at that point, the bridges revert to the Secretary of State's control.

We are going through tough economic times. Commuters' hours are being cut and there are pay freezes and high petrol prices, yet the tolls still go up. Severn bridge tolls are among the most expensive in the UK for cars, costing £5.50. My first request to the Minister is that he should examine the issue of toll rises, step in and

[Jessica Morden]

recommend a freeze in this year's tolls, particularly in the light of yesterday's VAT rise. While he is at it, will he also examine whether we could implement a reduction in tolls for those who live locally? That could be worked out by postcode area, for example. Such a scheme has been introduced on the Dartford crossing. It is easier to do on the Humber and the Dartford crossing as there is no concessionaire, but why can we not have a look at doing it in Wales?

The second issue is the payment method for tolls. Currently, people can pay to go over the bridges only by cash, including euros, or by cheque. Those who are unfortunate enough to approach the bridge thinking that they can pay by such new-fangled methods as credit and debit cards are frustrated. Many constituents have regaled me with stories of getting to the tolls, not having the right money, being escorted over the bridge and then being told to go back over the bridge and to go to Gordano services, which is a round trip of about 20 miles. That is hardly a welcome to Wales for first-time visitors and it is not much fun for the long-suffering staff collecting the tolls, who have to put up with frustrated motorists.

Paul Murphy (Torfaen) (Lab): My hon. Friend may not recall that I was a member of the 1992 Bill Committee that dealt with this issue. That was a very long time ago. Is it not right that after 18 years, the whole business of the Severn bridge and its tolls should be brought up to date?

Jessica Morden: I thank my right hon. Friend for his intervention. I agree with him. Progress was made on the method of payment of tolls by the previous Minister and it would be helpful if this Minister could confirm exactly when debit and credit card payments will begin and that the card-handling charge will not be passed on to the traveller. I would not expect Tesco to charge me more for paying by card, and I do not see why the bridges should be any different.

That brings me to the impact of the tolls on business in south Wales. The Severn crossing tolls, which are felt by many people to be a tax on entering Wales, are the highest in the UK for all but the largest vehicles. Light goods vehicles pay £10.90, compared with £2.00 for the Dartford crossing and £4.90 on the Humber. The Skye and Forth bridges are free. Heavy goods vehicles must pay £16.30, but on the Humber the charge is £10.90 or £14.60, depending on size. The Dartford crossing charges just £3.70 per heavy goods vehicle, and the Forth and Skye bridges are free.

An example in my constituency of the burden of the tolls is given by Owens Road Services, a long-standing Welsh company with a base in Newport that represents 1% of the total heavy goods vehicle traffic on the crossing. Owens pays £16,000 a month by standing order account and over £200,000 a year. The annual toll increases just come off the company's bottom line; they are not passed on to customers because contracts have to be renegotiated and times are hard. The crossing represents a charge on the Welsh logistics industry that is not paid by competitors in England.

Nia Griffith (Llanelli) (Lab): I congratulate my hon. Friend on securing the debate. The figures that she has cited illustrate clearly what a burden the tolls are on business. Owens, which also employs many people in my constituency, is really struggling. There is a very fragile situation economically now. Does my hon. Friend agree that we need to have every measure in place to improve the opportunities for businesses to relocate to places such as west Wales, where we know that we need to do as much as we can to help the private sector to grow?

Jessica Morden: I thank my hon. Friend for her intervention. I agree with her and hope that the Minister will pick up her point in his closing remarks. The industry is already struggling, with more than 3,000 heavy goods vehicle drivers claiming jobseeker's allowance in Wales alone.

The previous Government froze the tolls on the Humber crossing after a study of the impact on residents and businesses. There has been no study of the Severn that I am aware of, so please could the Department for Transport work with the Welsh Assembly Government to initiate one?

Jonathan Evans (Cardiff North) (Con): The hon. Lady is being very generous about interventions. As someone who is himself returning to the House, I congratulate her not only on raising this issue, but on continuing the wonderful record of her predecessor, who raised many of these issues, as the right hon. Member for Torfaen (Paul Murphy) will recall.

In relation to the charge, my understanding is that the actual real revenue is not likely to be reached until 2016. Is not the difficulty about abolishing the tolls the fact that the bridge was in essence built by a commercial company at no cost to the Government and was to be funded from the tolls? In that context, my constituents look to the ease of crossing the bridge, rather than having any expectation that in these times the tolls are likely to be either frozen or abolished.

Jessica Morden: I thank the hon. Gentleman for his intervention, but my constituents feel very strongly that the year-on-year increase in the tolls is very unfair on them locally. I promise that I will come to the concession later. I am not claiming that we should scrap all the tolls when the concession expires.

More than 31,000—31,437—heavy goods vehicles use the bridge each week. That is 4,491 a day. There are clear patterns of movement on the crossing, with most vehicles travelling between peak times. It is clear to me that a more flexible pricing structure, with off-peak travel for business, would offer incentives for people to travel at certain times of the day or night. That would reduce congestion, save on emissions and save companies money at the same time. I ask the Minister also to investigate that issue.

Finally, let us look to the future. According to the Highways Agency study of 2008, the current Severn crossings are being maintained at a constant level and require an annual maintenance expenditure of about 20% of the annual income generated from the tolls. In a few years, when the bridges are expected to be turned over to the Highways Agency—it would be helpful if the Minister confirmed the exact thinking at the moment on what that date might be—the agency will receive the revenue without the burden of debt.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I congratulate the hon. Lady on securing this very important debate. Does she agree that it is imperative that the United Kingdom Government should ensure that the public purse is not left with liabilities for long-term repairs after the bridges are returned to public ownership?

Jessica Morden: I agree very much with the hon. Gentleman's point. I know that his party has raised it before.

With the Severn crossing due to come back to public ownership in, say, 2016-17—depending on what the Minister says—the time is right to plan for a smooth transition, with tolls being reduced to a maintenance-only charge. I would appreciate it if the Minister considered the matter. I am really grateful to have had the opportunity of this debate and for the interest shown in it by other hon. Members.

To sum up, I should be grateful if the Minister worked with the Welsh Assembly Government to initiate an economic impact study, stepped in and froze the tolls this year, and looked at things such as off-peak travel for business and concessions for local residents so that we could finally reach a conclusion on the method of payment. As I said, at the start of the new Parliament the time is right, as we approach the end of the concession, to look at what the charges will be after it ends. I am grateful to have had the opportunity to introduce the debate, and I look forward to the Minister's response.

4.11 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I wish first to congratulate the hon. Member for Newport East (Jessica Morden) on securing the debate. I thank her very much for her kind welcome to me in my new post. Our commitment to the issue is not in doubt, and I hope that the fact that it is taking place during another event outside the House demonstrates to her constituents her dedication to the issue—assuming, of course, that they will support England.

Before I start to discuss the tolls on the Severn crossings, I wish to make the point that, since 1945, it has been the policy of successive Governments that crossings on estuaries should be paid for by the user rather than by the taxpayer. Successive Governments have taken the view that tolls on all such crossings are justified because the user benefits from the exceptional savings in time and money that those expensive facilities make possible. It is important to make such a point at this stage. It is one that should not be forgotten, not least of all with the present financial difficulties that the Government and country face.

In specific relation to the Severn crossings, it might be helpful if I give a brief outline of their history, some of which is relevant to the issues that have been raised. The first Severn bridge was opened by the Queen in September 1966, providing a direct link from the M4 motorway into Wales, with a toll in place for use of the bridge to pay for the cost of construction. The original bridge continually operated at significantly above its designed traffic capacity, so the then Government said in 1986 that a second bridge would be constructed. In July 1988 they announced that the private sector would be given an opportunity to participate in the scheme and in April 1990 they announced the selection of the bid led by John Laing Ltd with GTM-Entrepose to design, build and finance the second crossing. That consortium was also to take over the maintenance and operation of the existing Severn bridge.

In October of that year, the concession agreement was formally signed between the Government and Severn River Crossing plc, and in February 1992 the Severn Bridges Bill received Royal Assent. The concession agreement was enshrined in an Act of Parliament and commenced in April 1992. Severn River Crossing plc then took over both the operation and maintenance of the present bridge and the construction of the new bridge. The finance arranged by the company covers the cost of construction for the new bridge and pays for the outstanding debt on the present bridge.

Construction of the new bridge started in September 1992 and the new crossing was opened on 5 June 1996 by the Prince of Wales, almost 30 years after the opening of the first bridge. The concession period is limited to a maximum of 30 years. The actual end date will be achieved when the concessionaire has collected a fix sum of money from tolls, which is £995,830,000 at 1989 prices; that is £1.8 billion at today's prices. As part of the concession agreement, Severn River Crossing plc is authorised to collect tolls to meet its financial obligations. It is worth stressing that that is the company's only source of income.

Let me make it clear why tolls are collected at the crossings. Tolls are in place to repay the construction and financing costs of the second Severn crossing, the remaining debt from the first existing crossing from 1992 and to maintain and operate both crossings. I have seen no evidence to suggest that the tolls impact on the economic viability of Wales, although I note the concerns of hon. Members about the impact of the tolls in their constituencies. Clearly, there is a cost to the crossing, which is borne by business and those who pay the tolls, but that has to be weighed against the benefits that the crossings provide in terms of more direct access into Wales, allowing users quicker access to markets than would otherwise be the case. However, I am happy to receive and to look at evidence from the Welsh Assembly, hon. Members or others. That is an open invitation to supply such information to me.

Nia Griffith: Does the Minister agree that in a situation where tolls are not the norm on other roads, it makes a firm such as Owens feel at a distinct disadvantage when it is competing with firms whose distances from the main markets and from the channel ports may be similar, but who do not have to make their route via a tollbridge, and that there is therefore a feeling of economic inequality in that instance?

Norman Baker: I do understand that. I mentioned earlier that it is standard practice for estuary crossings to have tolls, no matter where they are. They limit the journey time and deal with—or compensate for—the geography of the area. While I understand that there is a cost involved that would not be there if a crossing were not necessary, the alternative to a toll crossing would be a much longer diversionary route. That is a matter of geography; I am not downplaying the concerns that hon. Members and others have about the impact.

[Norman Baker]

As I said, I welcome any further information that they want to give me on that matter, and I will personally look at it.

Jessica Morden: Would the Minister commit to doing an economic impact study on south Wales with the Welsh Assembly Government?

Norman Baker: I do not want to commit to that here, but I will happily receive information that is supplied to me, and I will bear in mind that request as and when it comes in.

The Severn Bridges Act 1992 seeks to apply a clear structure to the tolls to give the concessionaire confidence that it will be able to meet its liabilities and manage the risks that it accepted through the concession agreement. The toll levels were set for three categories of vehicles at the time of tender and are embodied in the Act. The Act sets out the tolling arrangements and the basis for yearly increases in the toll rates. Toll rates are fixed in real terms. The new rates are introduced on 1 January each year and are increased in line with the retail price index using a formula, and rounded to the nearest 10p.

I want to stress an important point: the Secretary of State does not have the authority to set the annual tolls below the level of RPI increase without the concessionaire's agreement. The concessionaire would not be able to agree to anything that would affect their net revenue without compensation and agreement from their shareholders and lenders, which would result, if such an agreement were forthcoming, in a cost to the taxpayer.

Tolls are charged in a westbound direction only from England into Wales. The current toll prices are: £5.50 for cars, £10.90 for vans and £16.40 for vehicles over 3.5 tonnes. I do understand hon. Members' concerns that those are higher than apply in other crossings.

Paul Murphy (Torfaen) (Lab): The Minister made reference to the fact that it is an estuarial crossing, but it is unique in the United Kingdom because it goes into a part of our country that now has a devolved Government. When I served as Secretary of State, some of my conversations with the then First Minister were about how we deal with a situation where tolls are charged to come into Wales but not to go out. The impact on the Welsh economy is very severe, particularly in times such as this. The Minister ought to think a little more about the importance of having a dialogue with his counterpart in Cardiff, because of the importance of this to the Welsh economy in these difficult times.

Norman Baker: I am very happy to have dialogue with my counterpart or anyone else in the Welsh Assembly if they wish to do so. The issue has just been raised for the first time with the new Government—this is the first Adjournment debate on it. I am perfectly open to suggestions of dialogue with people from Wales or elsewhere on issues for which my Department is responsible.

I want to talk about VAT, which was raised by the hon. Member for Newport East. When VAT was first applied to the crossings in 2003, following a European Court ruling, there was no increase in the toll to the motorist. Following the Chancellor's statement yesterday, the Highways Agency will discuss adjustments within the concession to accommodate the new 20% VAT rate with Severn River Crossing plc. We do not expect the VAT increase to be passed on through an increase in the tolls, but the concessionaire expects to receive a certain amount of money, and the way in which that can be accommodated without increasing tolls is a matter for negotiation.

I know that the hon. Member for Newport East has an interest in local discount schemes, to which she referred in her opening remarks. Any discounts or exemptions are a matter for the concessionaire to decide, provided that they comply with existing legislation. Where that is not the case, such schemes cannot be introduced without changes to primary legislation and the concession agreement. They would have a financial impact on the concession and the period required for repayment, which would impact all road users. Discounts of around 20% for regular and frequent users are offered by way of a season TAG, whereas blue badge holders and the emergency services are exempt.

I now turn to the matter of card payments, which I know the hon. Lady pursued before the election and, with some justification, can claim to have had some success on in her campaign. In March this year, an amendment was made to the Severn Bridges Regulations 1996 to allow card payments at the tollbooths. She will recognise that there are associated costs with the introduction of card payments, mainly bank transaction charges, which are estimated to be between £7 million and £10 million to the end of the concession, or approximately £1 million per year depending on usage. Implementation is expected to cost around £1.2 million, and the way in which the additional costs will be funded has yet to be agreed. Discussions with the concessionaire to resolve the financial issues regarding the introduction of credit card payments are ongoing, but work to amend the tolling software to allow for the processing of credit and debit cards has started.

One of the drivers—no pun intended—that the hon. Lady will be aware of is the Ryder cup, one of the highest profile sporting events in the world. It is due to be held in Newport between 27 September and 3 October this year, with about 50,000 visitors a day, the majority of whom will come from overseas and will not be flush with money in their pockets to pay the tolls. We want to make progress on the matter, and I hope to have it resolved before the Ryder cup begins. My officials assure me that that will be the case, and I will look into the matter to ensure that that is so.

An hon. Member also raised the issue of motorists being sent back after driving some way and finding that they could not pay by card. I understand that signs are in place close to the bridge, before the last junction, advising motorists of the current arrangements, which is that they can pay only in cash. However, if they arrive at the tolls, I have been assured that they do not necessarily have to make a U-turn; they can be issued with an invoice with an added administration fee of £5. The problem with turning motorists back has been recognised, and that is being dealt with in the way I described as an interim measure. If that was new information to Members present, I hope that that was helpful.

Regarding maintenance, the concessionaire is required to maintain both Severn crossings in accordance with the concession agreement. A rigorous schedule of inspections

is carried out and regular review meetings are held between the concessionaire and the Highways Agency.

A programme of cable inspections on the first Severn bridge began in April 2006 after corrosion was found in the suspension cables of bridges of a similar age and construction in other parts of the world. Unfortunately, significant levels of corrosion were found and a programme of works to tackle the corrosion followed. A full dehumidification system has been installed to address the corrosion. The system, which pumps dry air into the cables to reduce humidity, has been operational since December 2008. Reports show that humidity levels within the main cable are below the target level of 40% relative humidity. In addition, an acoustic monitoring system has been installed to track the rate and location of any further deterioration. A second round of inspections is currently under way to gain a detailed understanding of the level of corrosion and to verify the success of the dehumidification process so far. That work is due for completion later this year.

The corrosion of the main cables is a defect that existed before the letting of the concession and unfortunately—from my point of view—is not covered by the concession agreement. Costs associated with this work will therefore be met by the Government. The programme of mitigation and inspection work carried out so far has cost the Government £15 million, with the second round of inspections costing us a further £4 million.

Reports in the local media—and a letter from a Member of the National Assembly for Wales—suggest that the concessionaire will hand back the crossings in a state of disrepair. The suggestion was made earlier that, once the concession ends, the taxpayer will have to foot the bill. Let me make it clear, the concessionaire is bound by the legal terms of the concession, which it signed, to maintain the crossings to an acceptable standard. When the concession ends, the concessionaire is required to carry out any necessary maintenance and repair works on the crossings prior to handover. That is a legally binding commitment and is what I expect them to do.

Jessica Morden: Does the Minister have an indication of the year in which the concession will end?

Norman Baker: I am coming to that. The concession agreement sets out the requirements for transfer of the crossings to the Secretary of State at the end of the concession period. The concession is currently predicted to end in the first half of 2017, when the sum defined in the 1992 Act will have been collected through tolling. The bridges will then be returned to the Secretary of State. However, in order to ensure that tolls do not rise further, there are additional costs that have to be absorbed, both through the VAT increase and the work to ensure that credit cards can be accepted. I am giving the best estimate—it might slip slightly in the light of those two matters, but that is not certain at this stage.

Jonathan Edwards: Will the Minister indicate whether the UK Government are considering offering joint ownership of the bridges after handover to the Welsh Government?

Norman Baker: That matter has not been considered in my short time in office. The hon. Gentleman has raised an issue that I am sure is important to people in Wales and I will ensure that he receives a reply.

Jonathan Evans: The Minister shared with us a figure of £995 million. As I understand it, when we last heard from the Department, the assessment of how much mileage has been made towards that figure was about £682 million. Is the Minister able to update us on the current take, or if not, will he share it later?

Norman Baker: I do not have that precise figure at my fingertips, but if comes to me in the next couple of minutes I will tell Members. If it is not possible to do so before half-past 4, I undertake that all Members present will get a written response.

When the Secretary of State takes over the bridges at the end of the concession, the Government are authorised to continue tolling for a further five years following the handover of the crossings, to enable them to cover their own costs incurred, such as the £19 million that I mentioned in respect of the maintenance of the cables. No decisions have been made regarding the operation of the crossings once the concession ends, and therefore we are open to suggestions as to what might be the appropriate position at that stage.

In answer to the question about turnover at July 1989 prices, the present figure is about £648 million, against the final total of £995 million.

In conclusion, I thank not only the hon. Member for Newport East but Members of all parties who contributed to the debate. I and the Department recognise that this is an important issue for Welsh Members in particular. We are bound by the 1992 Act and the agreements entered into at that stage. Within that relatively tight constraint, I am willing to do what I can to address issues that Members have raised and I hope the House has found that helpful.

4.28 pm

Sitting suspended.

Accident and Emergency (Westmorland General Hospital)

4.30 pm

Tim Farron (Westmorland and Lonsdale) (LD): It is a pleasure to serve under your chairmanship for the second time in an hour, Mr Benton. I wish to express my gratitude for the opportunity to make the case for my local hospital.

The Westmorland general hospital in Kendal sits almost exactly at the geographical centre of the area covered by the University Hospitals of Morecambe Bay NHS Trust. It is one of three hospitals serving the area, along with the Royal Lancaster infirmary and the Furness general hospital at Barrow. Westmorland general hospital serves, in Cumbria: the Lake district, the western part of the Yorkshire dales, South Lakeland district and the southern part of the Eden district. In north Lancashire, it serves large swathes of the Lune valley.

For all those areas, Westmorland general is the closest and most accessible hospital. Indeed, it was built in 1992 expressly to serve those communities as a district general hospital. At that time, it provided full accident and emergency services and acute provision. Since 1992, the population of Westmorland general hospital's catchment area has grown significantly in comparison to the populations of the other hospitals at Lancaster and Barrow. However, the past 18 years have seen the steady removal of key services from Westmorland general, culminating in the loss of medical emergency services in August 2008.

Since 2008, anyone suffering a suspected cardiovascular emergency, a heart attack or a stroke in the Westmorland general catchment area has been taken by ambulance to Lancaster or Barrow instead. The majority of local health professionals opposed that decision throughout the consultation process in 2006, as did the overwhelming majority of the local population. I presented a petition to this place, with 27,000 signatures opposing the proposals. There were 7,000 responses to the formal consultation, almost all of which opposed the proposal. Some 6,000 people joined a march in opposition to the cuts and 4,000 of us joined a human chain around the hospital to protest. I am proud to have been involved in all of those actions, as they were a key mark of the strength and vitality of our communities and of the clear awareness of the immense danger that the proposals pose to tens of thousands of residents and visitors. The campaign went on for almost three years, but in August 2008 the medical emergency provision closed.

Trust managers—I would say disingenuously—attempted to convince the previous Labour Administration that the opposition to the proposals was simply a case of an emotional and uninformed public and MP against an informed and clinically astute medical community. I can assure the Minister that that is absolutely not the case—it is, indeed, nonsense. As I have already said, the majority of local medical opinion was opposed to the closure. There were some doctors who supported the closure of emergency services, but there were barely any of those who were not also some sort of trust manager, and therefore sticking to the party line. I am seeking the Minister's help to ensure that safe emergency provision is reinstated for residents and visitors to South Lakeland, the lakes, the dales, the northern part of the Lune valley and the southern part of the Eden district.

The resident catchment population for the Westmorland general hospital is 123,973 individuals, rising to 157,513 when one factors in resident visitors. For the Royal Lancaster infirmary, the resident catchment area is 143,500, rising to 161,886 when factoring in resident visitors. For the Furness general hospital catchment area at Barrow, there are 71,800 residents—78,093 when factoring in resident visitors. The catchment populations of Lancaster and Westmorland are roughly identical, with the catchment area of Barrow less than half their size. An additional factor, of course, is the vast number of non-resident visitors in the Westmorland general hospital catchment area visiting the lakes and the dales, who are as likely as anyone else to fall ill and need emergency treatment. That means that, for most of the year, there will be significantly greater numbers of people in the Westmorland catchment area than in that of either of the other hospitals in the trust area, yet Westmorland general is the only one without medical emergency facilities.

The area served by Westmorland general is much more rural and sparsely populated than the rest of the trust area. Barrow has 10.2 people per hectare, Lancaster 2.81, and Westmorland just 0.6. Many parts of my constituency already face vast distances and a significant trek to get to Westmorland general hospital, but to now force people to go all the way to Lancaster or Barrow is a significant threat to patient safety.

If one had a heart attack in Hawkshead, it might take an ambulance half an hour to arrive. The fastest time it would then take to get to Lancaster hospital would be an hour, but it would be more likely to take 90 minutes. The average patient suffering a heart attack would therefore arrive at Lancaster's coronary care unit some two hours after they had dialled 999—if they survived. It would take 37 minutes to get to Kendal, rising to 45 if the traffic was sticky. The same, give or take a minute or two, is true for people who fall ill in Chapel Stile, Elterwater, Grasmere or Coniston. It takes 46 minutes at best—it is more likely to take an hour and a quarter—to get from Ambleside to Lancaster, but less than 20 minutes to get to Kendal.

We all know about the golden hour following a heart attack, during which a patient must be stabilised. After the hour is up, the chances of a patient dying or suffering permanent damage rocket. Anecdotally, I know of a great number of deaths that occurred as a consequence of the decision to close down emergency medical services at Westmorland general hospital. I know, from talking to ambulance service staff, that patients have died in the back of ambulances en route to Barrow or Lancaster, but that they would have survived had they been allowed to be taken to Kendal. Such deaths do not show up in statistics, because no one officially dies in an ambulance—they are only designated dead on arrival. I encourage the Minister to dig as deep as she is able to uncover hard evidence of that through coroners' reports and other similar material.

All acute medical crises have better outcomes the sooner they are treated by a full medical team, a doctor and specialist nurses situated in a fully equipped resuscitation room. It is criminal to reconfigure acute

services to lengthen the time that dangerously ill people have to wait before receiving life-saving treatment, especially given that Westmorland general hospital had an excellent record of managing the initial stages of heart attacks and other life-threatening acute cardiac emergencies. I invite the Minister to look at the official statistics, which show clearly that timings at Westmorland general for patients receiving vital treatment were significantly and consistently better than at Lancaster or Barrow. Outcomes were also excellent.

It is not the case that Kendal operated at a lower level or standard than the other two hospitals. Cutting-edge coronary care units are equipped to provide angioplasty services, but the nearest such unit to Morecambe bay is in Blackpool, which is well outside the trust area. It is important to spell out that neither Lancaster nor Barrow provide that function. Indeed, although the expertise and the level and standard of service provided by the coronary care units at Lancaster and Barrow are excellent, they are no more advanced and no better in terms of outcomes, patient experience, safety or survival rates than those that were available at Westmorland general hospital in Kendal just 22 months ago.

Expert opinion suggests that, where it is appropriate, a patient should be thrombolysed by a trained paramedic at the scene before being transported to the nearest specialist centre. In order to allay my fears and those of my constituents, the hospitals trust negotiated with the North West Ambulance Service to provide an additional ambulance service for South Lakeland and a number of additional paramedics to compensate for the closure of acute services at Westmorland general. Those promises were kept, but the figures clearly show that the administration of thrombolysis at the scene almost never happens in South Lakeland. Indeed, in the first six months of operation, only four instances of thrombolysis took place outside a hospital in the south lakes. In the other 95% to 99% of cases, the patient is left waiting at least 30 minutes longer for their treatment than they would have when the Westmorland general's coronary care unit was open. I can only speculate why that is so—it may be due to a lack of training or a lack of confidence. A paramedic is now being asked to perform the same function alone in an immensely stressful situation, possibly in the presence of distressed relatives, that only 22 months ago would have been performed by a team of experts and experienced coronary care nurses in a specialist unit. I do not blame the paramedics for not thrombolysing, but I blame the trust management for pretending that this practice could ever have been a safe alternative to a coronary care unit at Westmorland General hospital.

There are additional dangers to patients as a result of this decision. Because more than 90% of ambulances from the south lakes now have to make the journey to Lancaster or Barrow to deliver a patient to hospital, the south lakes ambulances tend to be at least 30 minutes further away from their next emergency call than they used to be. That had to have a dramatic effect on response times, and indeed it has. However, some of this lengthening of response times has been covered by the presence of our outstanding volunteer first responder teams, who will usually get to the scene of an emergency before an ambulance and in some cases more than an hour before an ambulance, thus making it appear that the ambulance service has met its response time target when in reality it has not.

To illustrate the situation, I will use one example. In December I went on shift with one of Kendal's ambulance crews. We responded to a 999 call from a man in his late 80s who had presented with chest pains. He lived roughly a mile from the Westmorland general hospital in Kendal, which 16 months previously would have been able to receive him and treat him. Instead, we had to drive this patient past the Westmorland general hospital on the A65 and take him down the M6 to Lancaster. The patient was clearly afraid and the paramedics were clearly appalled at having to take a potentially dangerously ill person so much further to receive treatment. His frail wife was left behind in Kendal, with no prospect of being able to visit her husband in the coming days, as she would have been able to do at the nearby Westmorland general hospital. Even with blue lights flashing and sirens blaring, it still took us 45 minutes to reach Lancaster's A and E department. The nature of Lancaster's traffic system means that, even when other road users pull over in unison to allow an ambulance to pass, it is barely possible to go above more than 15 or 20 mph as a driver attempts to negotiate the traffic.

We stayed with the patient for more than an hour until he was safely admitted and then we left to return to the ambulance station in Kendal. From getting the 999 call to returning to the base and being once again available for the next emergency call, it had taken almost three hours. If we had been allowed to take the patient to Kendal, we could have been back at the base, out and ready to help the next patient in just half an hour.

Again, I can only speculate as to the motives of the trust management who were behind the closure. At the time, financial motives were cited, although those financial pressures have actually alleviated significantly. Mostly, clinical reasons were put forward for the closure, but those clinical reasons were seriously flawed. The solitary piece of clinical evidence used by the hospital trust and the PCT to justify their decision was the Royal College of Physicians' guidance notes from 2002, which included a recommendation that consultants in acute medical care should not straddle more than one hospital. To follow that guidance to the letter would mean closing acute hospital medical services at either Lancaster or Kendal, so the trust chose to close services at Kendal.

However, the guidance is just that—it is guidance. It is not an edict. Indeed, in an answer to a written question from myself to the former Secretary of State, Patricia Hewitt, it was confirmed that that guidance was only one of a range of considerations that had to be weighed up when trusts were deciding how best to deploy acute medical resources and, crucially, that many trusts, especially in rural areas, had chosen to acknowledge the guidelines but had also chosen to continue to operate the relevant coronary care unit, because of the greater importance of ensuring adequate treatment for patients within the golden hour.

We can look at the example of Fort William hospital, where GPs are recruited to fulfil a cardiac role within the hospital. They are well trained to manage cardiac emergencies, independently if necessary. At Westmorland general hospital, the answer could be to recruit a medical registrar—a grade doctor—and to ensure the presence of such a registrar around the clock with sufficient supporting cardiac-trained nursing staff. The reality is that, before the loss of coronary care services at

[Tim Farron]

Westmorland general, a consultant would very rarely be present during the acute stages—as is the case with most other coronary care units—and that the senior house officer or registrar would manage just as well as a consultant. One only needs to look at the outstanding performance indicators from the coronary care unit in Kendal until 22 months ago to see that.

As the Minister will be aware, local geographical and territorial politics can often be just as significant as party politics. In our case, the rural catchment area for Westmorland general seems to have been squeezed out by the more urban interests of the two districts either side of us. That is despite our large and often larger population.

I quote what a senior trust representative told Kendal town councillors when the closure proposal was made. He said:

"We had argued for 10 years with our administration that acute medical services should be transferred from WGH to Lancaster. They had resisted it but when the financial crisis occurred, we saw our opportunity. We recognise that the Consultation process was defective and we argued for accurate costs to be included but the final decision was the one we wanted. That is all that matters."

I do not have time to give full details of the flaws in the process that led to the closure of Westmorland's emergency service. Instead, I have chosen to make an outline case for such provision to be returned. In answer to my question about cancer services on 9 June, the Prime Minister made it clear that the present Government do not follow the "one size fits all" mantra of the previous Government that big is always beautiful. I know from his visits and those of the Deputy Prime Minister to Westmorland that they are particularly supportive of our cause.

As someone who lives in the south lakes area and whose family and friends rely on local services, I simply want the safest and most appropriate emergency care for our communities and the hundreds of thousands who visit our communities each year. I ask the Minister to do all that she can to ensure that emergency services are restored to Westmorland general as a matter of urgency.

4.46 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): Thank you for calling me to speak, Mr Benton; we seem to have spent a fair bit of time here today.

I congratulate my colleague the hon. Member for Westmorland and Lonsdale (Tim Farron) on securing this debate. I know that the future of Westmorland general hospital is a matter of long-standing interest and concern to him. He spoke with passion—and some frustration, because he has clearly been fighting a long and hard campaign. As a constituency MP, I have engaged in not dissimilar exercises in connection with a community hospital and a large acute trust hospital. I possibly lost one, but won the other. I know how passionate he must feel—and how passionate his constituents feel, which is demonstrated by the size of the petition that he presented.

I know how important hospital services are to local communities, and how worrying it can be to local people when services are moved. The fact is that change has not always been well managed in the NHS. I assure my honourable colleague that the Government are determined to do these things differently, and to get local populations behind changes in the NHS. We believe that the best decisions are local and that change should be driven by local clinicians and not imposed, top-down, by politicians or decided behind closed doors by managers. That is why we introduced an immediate moratorium on new or pending service reconfigurations.

The Secretary of State for Health has made it clear that all proposed service changes must now pass four crucial tests. First, they must have the support of GP commissioners. Secondly, public and patient engagement must be strengthened; that was at the hub of my colleague's words. Thirdly, there must be greater clarity about the clinical evidence base for any proposals—a matter also mentioned by my honourable colleague. Fourthly, proposals must take account of patient choice. As a result, the local NHS will have to make its proposals more transparent to the public, more responsive to the views of the clinical community and more firmly grounded in robust clinical evidence.

In the case brought to the House by my honourable colleague, it means that there may be new opportunities for local debate, with new clinical judgments on how services should operate. However—my colleague will be disappointed to hear me say it—this is not an opportunity to revisit reconfigurations that have already been completed. That simply is not possible. That means that the 2006 review will not be reopened, and that the decision will stand. However, I note my honourable colleague's concerns about valuation and patient safety; the Department of Health has raised them with the primary care trust and the local NHS trust. In case I forget to say so in my concluding remarks, I know that a Health Minister will be happy to meet my honourable colleague.

I understand that following a full public consultation, Cumbria county council's health and well-being overview and scrutiny committee approved the changes; they were not referred to the Secretary of State for review by the independent reconfiguration panel.

Tim Farron: The overview and scrutiny committee did indeed rubber-stamp the proposals, but its process was deemed flawed by an investigation by the independent health commissioner because it did not take any evidence from the non-trust side. It was a completely loaded investigation.

Anne Milton: I thank my honourable colleague for that clarification, and it highlights so well what happens when things cease to have public trust and confidence.

My honourable colleague has made the case for acute services to be reinstated at the Westmorland. The NHS trust tells me that the coronary care unit had to be closed on the grounds that it was no longer sustainable or safe. There is an increasingly difficult balance to be drawn between services that are local and accessible and those that have a significant throughput to ensure that clinical safety is maintained. A service might have been safe in the past, but that does not necessarily mean that it will be safe in the future. I understand that, on average, the service treated only three or four patients a week, and that level of throughput is simply not enough and potentially puts patients at risk.

Tim Farron: I have two quick things to say. First, will the Minister investigate what evidence there was at the time of the closure for the Westmorland general unit to be deemed less safe than the other two units that we have mentioned at Barrow and Lancaster? Secondly, will she conduct an assessment of the position with regard to the safety of patients now? In other words, what impact has the closure had on the safety of patients or visitors within the South Lakeland area?

Anne Milton: There are two issues here: what happened in the past and what happens in the future. The concerns that my honourable colleague has about safety in the future will be examined, and I am sure that Department of Health officials will help with that. I understand that Professor Roger Boyle, the national director for heart disease and strokes, has said that he does not believe that reopening the cardiac unit will be best for the local people, so that should be borne in mind. He feels that it would not be feasible to provide primary angioplasty for severe heart attacks at the Westmorland. He also thinks that for less severe heart attacks, Westmorland cannot provide the most appropriate care, such as early referral for intervention. However, I do recognise my honourable colleague's legitimate concern over the use of pre-hospital thrombolysis, and over the fact that it is low in Cumbria. Clearly, more work is needed to ensure that heart attack patients in Cumbria get the best possible treatment.

I understand that the trust is listening to my honourable colleague's concerns and that it is looking to increase the number of cardiologists from three to five across the regions. Those clinicians will be based at the Royal Lancaster infirmary and the Furness general hospital, but they will help to build extra capacity in the treatment of outpatients. That might not be enough here and now, but it is something that my honourable colleague can take away.

I understand that there has never been an accident and emergency department—whatever that means in this day and age—but I am also told by the NHS trust that there would be insufficient volume of patients going through Westmorland to sustain a full A and E department. An A and E department has to have back-up services, such as intensive care and CT scanning, to support the unit, and the Westmorland is not in a position to provide those facilities. The trust's argument, therefore, is that it is safer for patients to access those services at Barrow or Lancaster, and I appreciate that that is fundamental to this debate and will be fundamental to ongoing discussions, because my honourable colleague believes that the opposite is the case.

My honourable colleague also mentioned travel times, and I am told that the North West Ambulance Service advises that across Cumbria, the average time for it to get to the scene is 10 minutes. He might dispute that, but that is what I have been told. The average time on scene assessing and treating a patient is 20 minutes and the average time from Kendal to Lancaster under normal driving conditions—not with blue lights—is 20 to 30 minutes. I acknowledge that patients on the far reaches of his constituency have further to travel.

Tim Farron: I simply reiterate my earlier point: in rural areas, the bulk of those times record the time that the first responder arrives—the ambulance probably arrives another 20 minutes later.

Anne Milton: And let us pay tribute to first responders; I have them in my constituency and they do a fantastic job.

Tim Farron: Indeed.

Anne Milton: It is not always about the time spent getting to the hospital, but the treatment in the first crucial half hour or so.

Provided paramedics can reach the patient quickly, they can provide treatment and stabilise them en route, which is often preferable, and then go to a hospital or an A and E department further away. However, the expertise has to be provided by the ambulance staff. "Dead on arrival" incidents would be reported, and NHS Cumbria has advised me that no such cases have been reported in the past 18 months, but the hon. Gentleman may have data that goes back further.

Unfortunately, when it comes to serving rural populations, the NHS has to balance what is safe with what is desirable. This is very tricky and it is held in the balance. There is no doubt that across the country the NHS is facing considerable challenges, and the local NHS in Cumbria is no different from any other. We made an historic decision, as a coalition Government, to protect health spending during this Parliament and to secure the front-line services that our constituents value so highly, but it is clear that local health services need to change and to become more efficient to secure their long-term future. That will not always be a smooth process; there will be tough calls to make in the future, as there have been in the past, but a clearer and more open process, led by clinicians and putting the local people firmly in the picture, will, I hope, reduce the anxiety that my honourable colleague has spoken about today. I hope that it will also build the trust that we need around such decisions. That is how we can achieve higher standards and better outcomes.

I said to my honourable colleague that I am sure that the Minister will be happy to meet him. The question is: how does my honourable colleague move forward with his constituents and how do we ensure that, even if we cannot right what has happened in the past, we move forward constructively? This is just a suggestion, but if he and local GPs formed a small informed group to work with the trust, I would hope that the local NHS organisations could take into account some of his concerns about the future of health services. What matters now is what happens in the future. I hope that they can provide the service that he wants to see.

Tim Farron: I am grateful to the hon. Lady for giving way so often. Would that include the possibility of the local GP community, should they so wish, moving towards something akin to the Fort William situation that I mentioned earlier?

Anne Milton: I thank my honourable colleague, but I am always very nervous about stepping outside my pay grade. The crucial thing now is how we and local MPs who have fought closures and reconfigurations move forward constructively; and we cannot reopen what has gone in the past. Local GPs and clinicians forming a group to work with and alongside the local primary care trust could ensure that good and improving decisions are made about NHS services.

[Anne Milton]

It is not always about how close someone lives to a hospital. Across his constituency, life expectancy will vary by 10 years or more, and that has nothing to do with proximity to the hospital, but with deprivation. The issue of health care is much wider than this debate. There is an open door for my honourable colleague, so he feels that he can get the access to Ministers; I hope that will restore his trust and the trust of his local community.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 24 June 2010

[MR JOE BENTON *in the Chair*]

Local Media

[Relevant documents: Fourth Report from the Culture, Media and Sport Committee Session 2009-10 HC43-I, and the Government response thereto, Cm 7882.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Miss Chloe Smith.)*

2.30 pm

Mr Joe Benton (in the Chair): I call Mr Ed Vaizey. [HON. MEMBERS: "Hear, hear!"]

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): What a great pleasure it is to open this debate under your chairmanship, Mr Benton. I thank hon. Members and hon. Friends for their early support for my remarks, which may have been heard as "noises off".

Mr Don Foster (Bath) (LD): On a point of order, Mr Benton. I apologise for interrupting the Minister. Would it be in order for hon. Members to take off their jackets?

Mr Joe Benton (in the Chair): I see nothing wrong with that, as long as they have a decent shirt on.

Mr Vaizey: Thank you, Mr Benton, for that important ruling, which was effectively ex post facto, as I noticed that Opposition Members had already pre-empted it.

This is an important debate about a very important issue—the future of our local and regional media—and I am delighted that we will have the opportunity in the next three hours to examine in detail the landscape before us and the opportunities that we could have to reinvigorate local media and, through local media, local communities and local democracy.

I am delighted to see so many important members of the Culture, Media and Sport Committee here today. Towards the end of last year, the Select Committee issued a very important report on local media, and the Government have recently responded in some detail to it. That response is now available at the Vote Office and I am sure that all hon. Members present will have read it in some detail.

As is clear in our response, the Government welcome the Select Committee's in-depth investigation and analysis of the issues affecting local media—indeed, we broadly agree with most of the Committee's conclusions. I must say, albeit in his absence, that I have been a great admirer of the hard-working Chairman of the Committee, my hon. Friend the Member for Maldon (Mr Whittingdale), and of one of its more articulate members, my hon. Friend the Member for Shipley (Philip Davies), who has had a strong and independent voice in Parliament and looks set to continue to have one for his foreseeable parliamentary career. That is very welcome, particularly as Parliament gains powers and responsibilities under the coalition Government.

I am grateful for the Select Committee's emphatic support for local and regional media—above all, local journalism. Westminster Hall is full of quality today, but I had anticipated more quantity, in terms of the number of hon. Members present. I say that because debates on the local media give all in this House a chance to praise our local newspapers and local media organisations, in a desperate attempt to curry favour with them. In fact, during the four Westminster Hall debates in which I participated as a member of the Opposition, I went out of my way to praise my local newspaper, the *Wantage and Grove Herald*. In response, I am delighted to say that it put details of my expenses on the front page and campaigned vigorously for an independent candidate to stand against me.

So let me instead use this opportunity to praise Oxfordshire's JACKfm, a local radio station that is enormously successful. To be serious for a moment, JACKfm won two awards this week at the Arqiva commercial radio awards. *[Interruption.]* I think that my hon. Friend the Member for Shipley may indeed have been present at the awards ceremony. JACKfm won two awards. The first was for Ali Booker's "Cancer Diaries". Ali Booker is a constituent of mine, who is a very well known local personality and radio DJ. She has been recording her battle with cancer on JACKfm and it has been an extremely moving and highly popular programme. JACKfm also won the commercial radio station imaging award. I must confess that I am not quite sure what an "imaging award" is, for a local radio station.

I also want to thank Arqiva for sponsoring those commercial radio awards. I am a huge admirer of Arqiva, although our relationship is somewhat strained at the moment, because my local television antenna in Oxfordshire, which was built by Arqiva to enable the digital television switchover, unfortunately caught fire and burned down as it was being erected. That has affected the local television coverage of many of my constituents. A new antenna is being built, but it will not be erected until September and I am in constant dialogue with Arqiva about the situation.

I wanted to use the opportunity of this debate to talk about some of the themes highlighted in the Select Committee's report, in the light of the Government's approach to this vital part of the media landscape. As I am sure all hon. Members will agree, we have a fine tradition of excellent journalism, provided at a range of levels through a wide range of media. That tradition is as important at the local level as at the national level. Indeed, survey data from Ofcom indicate that four in five people rate local news stories as very important. Although they were tragic, awful and unprecedented, one thing that emerged from the terrible events in Whitehaven recently was how important the local newspaper had been.

Indeed, I remember the floods in Oxfordshire in July 2007, when BBC Oxford radio became an incredibly important source of local information, with people able to ring in to the station to talk about the situation on the ground. As a result, the radio station became a vital hub of local communication at a time of crisis.

[Mr Vaizey]

Independent journalism and news distribution have a clear and vital role in democracy at every level. In an international report on the newspaper industry, published by the OECD last week, the industry was described as:

"a pillar of public life and pluralistic, democratic societies".

I recommend that hon. Members read that excellent report, if they can. To put a finer point on it, as the Select Committee said in its report:

"The importance of reporting on local institutions and local democracy cannot be overstated: without it there is little democratic accountability."

Democratic accountability has never been more important. As we roll back power from the core to the periphery and from central Government to local government, and as we empower local government and local people to take more and more decisions, reporting on those decisions, or on the environment and climate in which those decisions are made, will be a vital role for local news sources.

For example, we intend to introduce locally elected police chiefs. It will be vital for local newspapers and local media to participate in the debate on that issue. We also intend to have elected NHS boards, to give new powers to councils, to publish local Government spending, and to unlock local and national Government data. That presents a huge opportunity for the local media in getting hold of that information, leading the debate or providing a forum and platform for important debates at the local level.

As my right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport, has said:

"This government is committed to...giving local communities far greater control over their own destinies...But for this to happen we need strong local media to nurture a sense of local identity and hold locally-elected politicians to account."

However, as the Select Committee report makes clear, there are significant challenges ahead for our media. Newspapers have been particularly hard hit. A report last week—I think that it was the OECD report to which I referred earlier—noted a projected 26% fall in overall UK print advertising revenues for 2009, the steepest fall in Europe. Since 2004, regional newspapers have faced a much steeper decline in circulation than national newspapers. Not only newspapers, but local radio and regional TV news programmes face significant structural challenges—shifting to meet audiences online, developing effective new advertising models and carrying the burdens of onerous ownership restrictions. Those have been exacerbated by the cyclical pressures brought about by the current economic climate.

It is obviously important for the industry to adapt to the changing economic and technological environment and, in debating this subject, we should not lose sight of the fact that these are, by and large, commercial companies that were able to make substantial and significant profits in the pre-internet age. It is therefore only right that they, as commercial companies, should be prepared to adapt and change their business models in a very different technological climate.

I was interested to note, for example, that yesterday the *Evening Standard* announced that it has started to move into profit after having adopted a free distribution model. Those are the kinds of changes that newspapers may have to consider. However, it is also incumbent on the Government to ensure that there are no barriers to enterprise—we made that point again and again in opposition—and to provide the necessary independence and vision to enable a commercially successful and publicly valuable local media economy to develop. In that regard, we have stood still for too long, even in the face of the vast changes that I have mentioned.

That is why, as a coalition Government, our priorities in this area are to find ways to improve local media provision, and to enable the development of partnerships across the local media landscape. As elements of local media increasingly converge through digital means, it is vital that we see the landscape as interlinked, so we have to be active across all areas. That means a programme of action across television, newspapers, radio and the internet.

Importantly, we do not think of the issue as a zero-sum game—we are not going to be moving the deckchairs about on the deck of the Titanic. As I said earlier, even in the face of the downturn, we know that the digital age presents real opportunities to grow and strengthen local media. There are opportunities to support the plurality of news, hold local government to account, strengthen democracy, participate in and lead debates, and aggregate data at a local level. There are also opportunities to reconnect people with the work of their local voluntary and community sector, with job opportunities and local businesses, and with neighbourhoods.

We believe that the issue can be dealt with without straightforward subsidy. In fact, we take the view that Government patronage can be a problem—it can create dependence and threaten impartiality. Local media should be given the opportunity to become commercially viable and sustainable in the long term, but they should also have commercial and editorial independence from the very institutions that they are meant to scrutinise.

So what does such an approach look like in action? First, my right hon. Friend the Secretary of State recently announced that we are going to implement the recommendations that Ofcom put forward at the end of last year. We will therefore significantly relax local cross-media ownership regulations, and I hope that that relaxation will be in place by the end of this year. However, we would like to go further, which is why we have asked Ofcom to look at the scope for removing the remaining rules and what the implications of that would be.

If any barriers to local media growth and sustainability are to remain, we want to be absolutely clear about whether they are necessary. Local journalism and the local media economy will benefit from more permeable boundaries between different types of media. That will help to achieve greater economies of scale, to follow consumers as they move between platforms and to develop innovative ways of communicating with audiences.

Secondly, we have a commitment to building a strong broadband network in the UK. Broadband also has a crucial role to play in supporting local media. As I have already pointed out, media at every level—national, regional and local—are converging online, and local media's ability to connect with audiences will increasingly depend on fast internet connections. We want to ensure a basic universal service and to explore ways to introduce super-fast broadband in rural and urban areas. We will

work to accelerate the roll-out of super-fast broadband, particularly by using existing infrastructure—the pipes and poles in every neighbourhood—to improve fibre-optic access.

Mr Tom Watson (West Bromwich East) (Lab): Will the Minister do me the honour of defining the term "super-fast broadband"?

Mr Vaizey: As the hon. Gentleman is fully aware, I have answered a parliamentary question on that point, and I refer him back to the answer I gave him some days ago.

Mr Foster: As some of us have not had the opportunity of seeing the answer, would my hon. Friend the Minister be kind enough to tell all hon. Members what that answer was?

Mr Vaizey: As the hon. Gentleman knows, I am against Government waste, and it seems pointless to repeat that answer here when it has already been printed in *Hansard*. I will write him a letter explaining what my definition of super-fast broadband is, but it certainly does not involve the word "megabit."

We have always been clear that the previous Government's plans for independently funded news consortia were the wrong way to go, and we opposed those plans from the beginning. We understood why the previous Government wanted to put the measures in place: it was their answer to the challenge of sustaining regional news. There is a legacy from the process that they started, in that it kindled innovative ideas among local media companies. Indeed, my understanding is that many of the consortia that formed as a result of that policy will continue to work together to look at ways of taking their ideas forward. We hope that by, for example, relaxing the cross-media ownership rules, they can follow a deregulatory path, rather than the subsidy path, to bring their ideas to fruition.

We always felt strongly that the issue of subsidy focused consortia on the best way to get access to the subsidy, as opposed to the best way to engage with viewers. That is why we opposed subsidies, and why we took an early decision not to go ahead with the pilots. The savings made from not going ahead with them will go into providing super-fast broadband, a definition of which is available in *Hansard*.

Philip Davies (Shipley) (Con): I agree with much of what my hon. Friend has said, but does he accept that in places such as Yorkshire, ITV regional news—the news programme there is called "Calendar"—is incredibly popular, and that there is great demand for it? Will he think again about the obvious solution that would help organisations such as ITV carry on with programmes such as "Calendar"? That solution is to top-slice the BBC licence fee. The BBC gets more and more money every year—so much money that in most years, it does not know how to spend it. That money could be given to an organisation such as ITV to do something worth while, such as providing real competition within regional news, which is much enjoyed in places such as Yorkshire.

Mr Foster: No.

Mr Vaizey: The hon. Member for Bath (Mr Foster) wants to answer the question, so I am tempted not to answer it, and simply to leave him to deal with it when he speaks. However, I should mention a number of points. First, I have always been against top-slicing the BBC licence fee to fund other broadcasters, because that is the thin end of the wedge. We have one publicly supported broadcaster in this country, but once one starts top-slicing, one effectively creates a second, and possibly a third.

I do not say that ITV is calling for top-slicing, but I say to any broadcaster that might still be calling for it to be careful what they wish for, because the BBC operates under a number of constraints and in a very public climate—something that other broadcasters are, to a certain extent, free from. We do not think such an approach is the way forward, but we believe that we have an answer for my hon. Friend the Member for Shipley: the third strand of our policy after deregulation and laying the infrastructure for super-fast broadband, the definition of which is in *Hansard*.

Mike Weatherley (Hove) (Con): I feel that I am missing out on some of the definitions here. May I, too, please receive the Minister's letter about the definition of super-fast broadband?

Mr Vaizey: I am delighted to welcome my hon. Friend, the new Member for Hove, who has had a distinguished career in the film industry. I went down to Hove to support him during the election and got into trouble with the *Daily Mirror* as a result, but I will not go into that. I like to think that my visit contributed substantially to my hon. Friend's impressive victory, and I will certainly drop him an e-mail about my definition of super-fast broadband.

After deregulation and broadband roll-out, the third strand is our major announcement on strong public service local television. Bizarrely, this country has had no real local television. As I am sure right hon. and hon. Members will point out, when they turn on their local news it is, in effect, regional news, and regional news can be wholly irrelevant to one's local area. As an Oxfordshire MP, I am used to getting news from Southampton and other places, which are fantastic, but the news is not entirely relevant to where I live. Things are very different in America and western Europe, where local television thrives. A local television network, enabled by a new regulatory regime, could form a core plank of local journalism and local democracy in a thriving multi-platform local media ecosystem. If the hon. Member for West Bromwich East (Mr Watson) wishes to put down a parliamentary question, I will give him a definition of multi-platform local media ecosystem.

The Government's focus is on making new local media models commercially viable. We believe that local television has the potential to revitalise local media markets with new cross-media models, and as a new platform for reaching local audiences. Before I go into further detail, I want to stress that regional news will remain, for both ITV and STV, an obligation on the channel 3 licence holders. Our vision for local TV is in addition to existing regional news services. We are looking at the potential for existing public service content providers in the nations and regions to play a role locally.

Mr Watson: I have not had the chance to read in detail the Minister's vision for a multi-platform local media ecosystem and for public service TV. Does he acknowledge that some commercially independent newspapers would be wary of a further extension of local TV if it distorts a market in which they are already finding it difficult to operate? Can he reassure them?

Mr Vaizey: I am happy to reassure them; we see local newspaper groups as having an opportunity with local television. It is important to make the point that many of our local newspapers are owned by national or multinational companies; they are not produced with a photocopier in someone's back room, but are part of a substantial business. The Government think that there could be a huge opportunity there, not just because of the quality of the journalism, which is obviously very high and we should not lose sight of that—it reaches its peak in the *Wantage and Grove Herald*, owned by Newsquest—but because local people tend to identify closely with the brands. We continue to see opportunities there.

On introducing local television into this country, part of the opportunity for local television comes about because of the changes in technology that have decentralised production and reduced costs, and because we have new flexible means of reaching and interacting with audiences. I have already talked about the convergence of different media platforms online, which, again, makes this an exciting opportunity.

We have asked a chap called Nicholas Shott, the head of UK investment banking at Lazard, to examine the potential for commercially viable local television stations and to look at what the barriers are, what incentives are needed and what we need to do to make local television a central part of a thriving local media ecology. On the basis that if one announces something in Parliament, it will not get into the public domain, I want to tell right hon. and hon. Members in complete confidence that we have appointed a steering group to support Nicholas Shott. That may be in the newspapers in a few weeks, but I will tell Members in confidence now. The group includes the media analyst, Claire Enders; the venture capitalist, Brian Linden; the former GCap director, Richard Eyre; and the Labour peer, Baroness Kingsmill, the former head of the Competition Commission. They have agreed to work with Nicholas Shott on his report, which is due in the autumn, to take things forward. There is work to be done.

Mr Watson: I apologise for hogging the Minister's time. Have the terms of reference for the review been published in the House? If they have not, could he facilitate that?

Mr Vaizey: I am not entirely clear—I cast a panicked look at my officials—whether those terms of reference have been published. I cannot see any reason why they should be confidential. I imagine that my right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport has sent a letter to Nicholas Shott explaining in detail exactly what the Government hope he will examine in the next few months.

A number of other points arose from the Culture, Media and Sport Committee's report that are worth covering. It focused on the impact that local authority newspapers might have on local newspapers. In opposition I enjoyed sparring with the hon. Member for Hammersmith (Mr Slaughter) on the subject of the role of Hammersmith and Fulham council's local newspaper. I got the impression that he was driven less by principle than by a concern that the newspaper might cost him his seat. Now that he has won a seat that the Conservatives may have expected to win, he may take a more objective view of the newspaper's role. The Secretary of State for Communities and Local Government will bring forward a consultation on the impact of local authority newspapers on the local press in the very near future.

It is also important to address specifically the Culture, Media and Sport Committee's points on local radio. In particular, the Committee praised the role of community radio, and I am delighted to echo that praise. Community radio has been a huge success story, and a lot of the credit goes to the previous Government for how they nurtured it. Towards the end of the previous Parliament, I was on a Committee that further deregulated community radio. In the run-up to digital switchover, which remains a firm commitment of the coalition Government, it is important to acknowledge that there is, again, a significant opportunity for community radio, in that more of the FM spectrum should be available to community radio stations so that they can broadcast to local communities.

I have covered quite a large area of ground in substantial detail. I am grateful that not too many hon. Members intervened on me. I look forward to hearing the speeches of the Opposition spokesman—the right hon. Member for Exeter (Mr Bradshaw)—and other hon. Members during the two and a half hours that we have to debate this subject.

Mr Joe Benton (in the Chair): I call Mr Ben Bradshaw.

Mr Ben Bradshaw (Exeter) (Lab): Forgive me, Mr Benton, but I understood that I would speak towards the end of the debate. I can then respond to hon. Members' points before the Minister sums up.

Mr Joe Benton (in the Chair): If you prefer, you may do so. I call Mr Tom Watson.

2.59 pm

Mr Tom Watson (West Bromwich East) (Lab): It is a pleasure to serve under your chairmanship, Mr Benton, and to give a speech that I did not know I was going to deliver when I entered this cavernously empty Chamber. Given that we have two and a half hours together this afternoon, I would like to use the opportunity to praise the Minister and congratulate him on his appointment. He is a noble and elegant member of the Government, and I am looking forward to working with him when I can, scrutinising him in infinite detail and helping him to do his job to the best of his ability. It is good that he has published the response to the Select Committee's report last year on local media, but I suspect that it has only just gone to the Table Office. He is new to his job, so I shall not be pedantic and complain about that, but he will understand that we have not had time adequately to read the report and respond to it. Perhaps we will have a chance to do so in another forum.

The figure that worried me most in the Minister's speech was that from the OECD of a 26% fall in print advertising revenue this year. That illustrates the huge structural problems that local, regional and national

media face in the United Kingdom. They are structural because of the internet, which is the most disruptive technology for many centuries. It is hackneyed to say that it is as disruptive as the Gutenberg press, but it is important that we, as policy makers, understand some of the characteristics that the internet gives us when responding to the challenges in local media. I hope to sketch out a few of my concerns in that area.

The Minister talked about advertising revenue as a prime example of why advertising models for newspapers are now in such trouble. A great man called Craig Newmark, who invented Craigslist, looked at the classified ads in American newspapers and thought they created an imperfect marketplace because people could not find all the goods that they wanted to purchase, and people trying to sell goods could not find all their potential purchasers. He found a digital solution and founded Craigslist, the vast majority of which offers free classified advertising. Having started his endeavour with no idea of how he would make the model pay, he created a small revenue base, based on advertising real estate in selected American cities. Craigslist is one of the biggest and most successful global websites.

Craig Newmark understood the power of network growth, which is killing newspapers' revenue models today. We are almost in a commune of despair when it comes to considering how we can retain a strong, rigorous local news base in the UK. None of us has the answers to the hugely disruptive models that the internet gives us. The lesson that we, as policy makers, must learn is: if we do not have the answers, let us not make it harder to find them. One thing that worries me—my position is probably slightly ironic in my party—is that if one does not know an answer, the regulatory models that are then devised may make the problem worse, not better. I hope that in years to come, the one thing that we can share an interest in is trying not to be too prescriptive with our regulation.

The two Front-Bench teams will probably be in despair at my wittering on about the Digital Economy Act 2010, but I believe that if we are honest with each other, it managed the politics of decline for some of the old publishing models that are now completely challenged and almost washed away by the internet. Governments must sometimes step in and protect industries that are transforming themselves, and that is fine, but I suspect that the Act has made it harder, not easier, for publishers to find solutions.

The simple truth of the internet is that scarcity cannot be enforced, as used to be possible in print media, and local newspapers have found it difficult to find solutions. There are some things that communities do on the internet from which lessons can be learned. It enables people easily to form groups. They may coalesce around a brand, a journalist or a newspaper group, so that what a newspaper does and its component parts are vital to its future success. A classic example is the *Daily Mail's* Jan Moir, who chose to write a vicious article that resulted in 25,000 complaints to the Press Complaints Commission when people uprose digitally and formed a community. I believe that harmed the *Daily Mail* brand. A good pioneering local newspaper that distinguishes itself in a niche market by being the only creator of local news and has a track record of integrity, honesty and checking facts can manage transformation in the digital space, but it must understand the power of its brand.

The Minister referred to the *Wantage and Grove Herald*, which mistakenly made an editorial decision to put his expenses on the front page. How would a newspaper respond to that? The country's biggest-selling regional newspaper—the *Express and Star*—is in my constituency. It is—dare I say it?—a classically run newspaper with strong news values, and when one turns a page one knows whether one is reading a news story or a comment piece; it does not have editorialised news pages. Editorially, it backs a political party—the Minister's party—but its news coverage is studiously impartial. It refuses to take off-the-record or unattributed briefings; everything is on the record. When it makes a mistake, it apologises and puts it right. When I appeared in the *Express and Star* accused of claiming for a 69p pair of rubber gloves and a tree surgeon, it apologised and put the matter right by explaining that it was in fact my neighbouring MP who had made those claims. That is why the *Express and Star* has managed to stand up against some of the forces that have been unleashed in local newspapers better than others. It has strong values which result in a loyal readership.

Another matter that newspapers should understand is the power of communities. They could collaborate with their readership more than they have. We all take part in some form of collaboration. Most hon. Members have columns in our local newspapers, and it is far easier in a digital age to build a more participative relationship with readers. I hope that the Government will play a role in helping to facilitate that.

In our report, we did not discuss in depth whether there is a role for the Government to provide not a technology fund, but technology advice to old-school newspapers in the analogue sector moving through the transition to the digital age. Perhaps one of the most worrying parts of the mix in the newspaper industry now is that when it has had to cut back, it has done so on news journalism to such a degree that it cannot cut the staff any more, so it is now turning on the higher-paid technologists and making it harder for them to handle the digital age. If the Government have a role in partnership, it could be in the technology sector.

I cannot end my rather rambling contribution without referring to the report's reference to the Hammersmith newspaper. What united both wings of the Committee was that we were almost stupefied that a local authority could produce a weekly newspaper containing pizza advertising and—I will not refer to cranky religious advertising—all sorts of dubious advertising without any social policy on that. The only people from the council who were allowed to appear in the pages of the newspaper were the elected Conservative cabinet councillors; the poor Conservative back-bench councillors were not even allowed a voice. The paper had such a dominant place in the local market that it would be impossible for a commercial rival to set up and produce an alternative form of news. It could not possibly have held the local authority to account.

Philip Davies: I support what the hon. Gentleman says. Does he agree that it is bad enough when local authorities use local taxpayers' money to pay for propaganda when it is clearly labelled as propaganda,

[Philip Davies]

but it is, even worse when local authorities such as Hammersmith and Fulham produce newspapers full of propaganda that masquerade as independent newspapers?

Mr Watson: Yes, the hon. Gentleman is right. In an article in *The Daily Telegraph* last week, the Secretary of State for Communities and Local Government complained about the cost of envelopes in local government. Far be it from me to give the Minister advice about his privatisation plans, but the paper in Hammersmith and Fulham is one local authority paper that could adequately be privatised. That would do us all a democratic service, because it would then hold elected politicians to account.

On the consultation, I hope that we have a serious discussion about how we can give local authorities proper boundaries and show them what is and is not democratically acceptable, because some authorities have inadvertently or deliberately crossed a line that needs defining. It is fair to say that all the members of the Committee entered the inquiry thinking that old newspapers were bleating about local authority newspapers, but when we looked at the issue in depth, we were pretty shocked. I hope the Minister will be able to work with colleagues in other Departments to do something about that, because it is not fair. With that, I will conclude, which should give my right hon. Friend the Member for Exeter (Mr Bradshaw) adequate time to wrap up over the next two hours.

3.11 pm

Mr Don Foster (Bath) (LD): It is a great pleasure to follow the hon. Member for West Bromwich East (Mr Watson) and to serve under your chairmanship, Mr Benton. The debate gives me the opportunity formally to welcome the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey), to his post on the Front Bench.

We are discussing a really important issue. The Minister rightly recognised that we all had an opportunity to namecheck our excellent local newspapers. He did so with the *Wantage and Grove Herald*, and I certainly want to do the same for my own paper, *The Bath Chronicle*, which is now, sadly, a weekly rather than a daily. *The Bath Chronicle*, the *Wantage and Grove Herald* and all other local newspapers are important in ensuring the accountability of our local councils and other public bodies, and they are a focal point for the community. Sometimes they do interesting things; the Minister gave us the example of the coverage of his expenses. About eight years ago, when *The Bath Chronicle* was a daily, the letters page included a letter complaining that there were too many photographs of Don Foster in the paper. I was delighted that the paper chose to illustrate the letter with a quarter-page photograph of me, with a banner underneath saying, "Too many photographs?"

Local newspapers and the local media—radio and so on—also act as good vehicles for important local campaigns. Let me just say on a serious note, and with a degree of personal interest, that the front page of today's edition of *The Bath Chronicle* includes an article about my part-time secretary in my constituency office. This lady has had breast cancer and bone cancer, and she now has liver cancer. She is quite seriously ill and she was, most recently, taking Herceptin, until her consultants discovered that it was causing heart failure. The only drug now available to her is relatively new. It was recommended by her consultants, but it has not, unfortunately, gone through the final stages of approval by the National Institute for Health and Clinical Excellence, so she is being denied access to this life-saving drug. I am delighted that my local newspaper is running a campaign to gain support for her and that my secretary's local MP, the hon. Member for North East Somerset (Jacob Rees-Mogg), is supporting her.

Local newspapers, local radio and local media overall are clearly important, and they provide all the things that I have described. They also provide a training ground where many people can develop their media skills before moving to more regional or national newspapers. Given the emphasis that the coalition Government place on localism, it is critical that we find ways of supporting and defending local media so that they can carry out important checks on what happens locally.

As we have heard from the Minister, there are many problems. The local media industry has been contracting for the past five years. Thousands of jobs have been lost in regional and local newspapers, and 25% of jobs are being cut in local papers. Sixty titles were cut last year alone, and more jobs and titles will potentially be lost. Reference has also been made to ITV, where some 1,000 jobs have already gone in the regional news service. More than half of local commercial radio stations are now loss-making, and the industry's total revenue has gone down dramatically—by nearly a quarter—in the past few years. Its audience share has also declined.

The Minister has given us some of the reasons for what has happened. Of course, it is largely to do with the recession and, therefore, the fall in advertising revenue. However, there has also been a move to new platforms, not least on the internet—an issue to which I will return shortly. If we believe that something needs to be done, the real question is what we are going to do about these issues. I am delighted that the coalition agreement makes clear reference to the coalition Government's desire to

"enable partnerships between local newspapers, radio and television stations to promote a strong and diverse local media industry."

The question is how we do that. I want to make a number of suggestions to the Minister and to pick up on some of the points that he and others have made.

Let me start by saying that it is critical that we understand the important role that the BBC plays, and that we make it clear that we would do great damage to local, regional and national media if we followed the advice of the hon. Member for Shipley (Philip Davies) and top-sliced the BBC's licence fee. That would undermine the BBC's independence—something that I am delighted the Secretary of State, in his recent speech on these issues, made clear the coalition Government are not prepared to do. The minute we allow top-slicing at the BBC, the corporation will be constantly looking over its shoulder to make sure that it is not offending the Government of the day, and its independence from the Government will be lost. I have to tell the hon. Gentleman that I strongly oppose top-slicing and I hope that that will be the view of the coalition Government.

Philip Davies: If that is the case, and top-slicing undermines the BBC's independence, is the hon. Gentleman saying that the BBC's independence suddenly disappears in the months and years before the charter and the licence fee agreement come up for renegotiation, because the BBC is looking over its shoulder and thinking about what the Government might do?

Mr Foster: The hon. Gentleman makes a fair point, but two wrongs do not make a right for a start. He should look carefully at the BBC's current role, because there are ways of involving the BBC—I will come to this in more detail in a minute—in developing things that we need to support local and regional media. The BBC's sixth purpose, for example, includes responsibility for helping to develop platforms on which BBC programmes will appear. The most obvious example currently is the roll-out of high-speed broadband, the definition of which we will receive shortly when we get our letters from the Minister. That is an important example. Under its existing charter obligations, the BBC could be expected to provide even more support through such activities.

The hon. Gentleman is also well aware that the BBC has recently developed an even more vigorous approach to the concept of partnership. It is working with others in all parts of the media to provide forms of mutual support. That work benefits the BBC, but it also supports others. That is another area that we need to do more about in future.

Recently the biggest area of support, collaboration and partnership has been in developing a key part of the solution to our current problems: Project Canvas. I am sure that all hon. Members present are aware that while we debate the BBC Trust is making a final decision about whether to allow the BBC to go ahead with it. I hope the trust will allow it, because it will be a key driver in solving many of the problems that we have described.

Mr Bradshaw: Before the hon. Gentleman moves away from the question of the BBC and top-slicing, have not the Government announced that they intend to do exactly what he so decries, in that they have said they will fund super-fast broadband, whatever that means—one assumes it must be more than 2 megabits post-2014—from the licence fee? That can only mean a continuation of top-slicing post-2014.

Mr Foster: The right hon. Gentleman should know better than to ask me of all people that question, because he knows only too well that the previous Government identified the underspend from the digital switchover money, which was provided for the targeted help scheme. That was ring-fenced and was not going to be used for any other BBC activities. I was highly critical of it; it should never have been there. That is a very different proposition from taking money from the BBC's operating funding. It was a separate fund. The previous Government were going to use it for one set of purposes, and the coalition Government are going to use it for other purposes. On a judgment call as to who is right, I believe the coalition decision to use it for the roll-out of high-speed broadband is right. The right hon. Gentleman was going to use it in part for independently funded news consortia.

Mr Bradshaw: If we are only talking about the underspend from the digital switchover before 2014, how will the coalition fund super-fast broadband after 2014?

Mr Foster: That is obviously a matter for subsequent announcements that the Minister will no doubt make. I do not want to second-guess him. I have already hinted that the Government would be wise to give careful consideration to the sixth purpose of the BBC. That could happen in combination with several other measures that would help to drive up demand, which I shall come to, and that would incentivise the commercial companies—Virgin, BT and others—to act, for their own benefit. There are ways forward.

The other television organisation that has been mentioned is ITV, which has been a catalyst for debate because of its decision to reduce regional television. Many people have been deeply concerned about that. There is a new management team, and ITV seems at least willing to consider maintaining present regional TV levels, rather than making further cuts. The decisions have not yet been made. However, certain things should be done to provide support to ITV. Ofcom is already looking at the airtime sales rules, and we shall have to wait for the outcome. It is considering—I would hope it would do it rather more urgently—the issue of minutage, particularly in peak time. However, there is a key area in which it is important for the coalition Government to find a solution: the problems currently caused by the contract rights renewal situation. That is a fetter on ITV's opportunity to develop a rational approach to the sale of advertising. I fully appreciate the difficulties, although it is not appropriate to go into them here. I hope that the Minister will make some reference to the issue and give a commitment that the Government will do all they can to find a solution, perhaps working with colleagues in the Department for Business, Innovation and Skills.

The Minister has mentioned something else that will be helpful for local and regional media—the reduction of regulation of cross-media ownership. The Secretary of State referred in his speech at the Hospital club to Ofcom's recommendations, and an agreement to proceed with those, but he said he wanted to go further, and if possible to remove the rules altogether. Of course he rightly entered a caveat, saying that we must bear in mind monopoly situations, which would be a matter of concern to us all. I hope that the Minister will be willing to consider, in addition to monopolies, the other side of the coin: all our deliberations—on all mergers—should include a public interest test. On some occasions a public interest test would suggest going ahead with something even if it would lead to a monopoly. We should introduce such a test not just for cross-media ownership but for monopolies. That is a possible approach.

There is a problem for the coalition Government and we should make no bones about it. The two parties in the coalition started their approach to independently funded news consortia from different positions. The Conservative party was opposed to them and the Liberal Democrats wanted to go ahead with the three trials. The coalition agreement states that we shall not go ahead, and I support that because of the Minister's clear acknowledgment that although they were not necessarily the right way forward, valuable lessons had been learned from the work that was done in setting up the potential trial areas. The question for the coalition Government is whether to grasp the opportunities of those lessons and find ways to take them forward.

I mentioned Project Canvas. With that, people will be able to sit in front of their televisions and see programmes that come from satellite, free-to-air or, effectively, their

[Mr Foster]

computer, via broadband. It would then be perfectly possible to develop a model of local television, which the Secretary of State and the Minister are interested in developing—I support them in that—through an internet protocol television route. That would be one potential model. We could then bring into partnership local and regional newspapers, local radio stations and other interested groups, and many others in the creative industries, in developing programmes. A model could be developed that could provide truly local television, which would support the other parts of the local and regional media industries. That would bring something of real interest to communities, and would be a sustainable model.

Mr Watson: The hon. Gentleman will not be able to answer this, because none of us has an answer, but although I follow the logic of his argument, is not the advertising revenue model from which organisations now work finite? What he suggests might load greater obligation and cost on to local news organisations without an increase in revenues to cover it.

Mr Foster: I hear what the hon. Gentleman says, but all I am suggesting is that I hope the review will consider the model I describe. That model could also receive support from the BBC and ITV, to provide some programming through partnership arrangements with the BBC and Canvas and ITV and its regional news outlets. That could provide a new route forward. Interestingly, the Select Committee hinted at it as a possibility in its report, and it ties in with the precise wording of the coalition agreement, which mentions partnerships between all those bodies.

Of course, as the Secretary of State said, there would also be the possibility of having straightforward, free-to-air local TV stations, but in those circumstances it is almost certain that they would have to use the interleaved spectrum. As we know, there is pressure on that spectrum for other uses such as programme making and special events—PMSE—and so on, so there are problems to be overcome, but it would be interesting to look at both models.

My final point on this subject to the Minister, and through him to the Secretary of State, is that reference is often made to the situation in America. We are aware, of course, that many of the American stations that he referred to are actually cable television stations—that is, the equivalent of broadband today. The one advantage of developing that model as part of the package is that it would be a key driver for broadband take-up. Broadband roll-out is crucial, but it is equally important that there is high take-up of broadband as it is rolled out. If that occurs, there will be a greater incentive for commercial operators to do a greater proportion of the work than they might otherwise do, thereby reducing the requirement on the state to fill in the gaps for rural and hard-to-reach areas. The model that I am describing would have the advantage of driving up broadband take-up.

John McDonnell (Hayes and Harlington) (Lab): I apologise for coming late to the debate, Mr Benton, because of an earlier ministerial meeting. Otherwise, I would have intervened earlier.

May I point out to the hon. Gentleman our regret over the dropping of the IFNC plans? There is a sense of urgency within the industry, and as secretary of the National Union of Journalists group I have stood up time and again in virtually every debate we have had over the past 18 months on the matter to demonstrate that sense of urgency. I suppose that what I am trying to get across to him is that if he is offering an alternative model, it would behove him to put as much pressure as he possibly can on the coalition to bring his proposals forward rapidly, before we lose even more jobs in the industry.

Mr Foster: I hear what the hon. Gentleman says. In the most appropriate way that I can, given the rather strange circumstances that we all find ourselves in, I shall offer several suggestions in a friendly and supportive way to the Minister who has responsibility in this area. I hope that I have done exactly what the hon. Gentleman has asked of me.

I have two more quick points before I conclude. The first, which is about local radio, is a plea to the Minister. It will not fall on deaf ears, because I know that he shares my view on this: we must have a clear route map for digital radio switchover, as quickly as possible. It is vital so that the industry can understand where it is going. In doing that, can we please continue to make it clear to the public at large that digital switchover does not mean that FM will disappear? The continuation of FM provides a set of opportunities for exciting new things to happen, not least the development of true community radio, which is often run by volunteers and local groups. It would provide yet another form of local media which I believe would be very popular indeed. So please let us get on with digital radio switchover. We have passed the legislation to enable it, so let us now get on and implement it as quickly as possible. And, please, can we make it clear that there is no intention to switch off FM?

Finally, following on from where the hon. Member for West Bromwich East left off, of course we are all deeply concerned about the relatively small number of local councils that produce free sheets far too regularly, taking away advertising from their local newspapers, and action needs to be taken. I am sure that he, like me, has looked carefully at the statistics provided by the Local Government Association, which did some helpful work recently in looking at the number of councils that do that. It is staggering how few local councils, relatively speaking, are doing what he suggested—going way over the mark—but the fact is that several are, and it is critically important that action be taken by laying down clear guidelines on what will be allowed. In those areas where the council is going over the top—going overboard—we must provide protection to the local media.

I hope that the Minister will think that my remarks have been helpful in suggesting a way forward. I look forward to other colleagues joining the debate and to hearing what the Minister has to say.

3.34 pm

Mike Weatherley (Hove) (Con): Thank you, Mr Benton, for giving me an opportunity to speak today. This is not my maiden speech; it is actually my second speech, so I shall not be constrained by the 10 minutes one gets for a

maiden speech. I have one hour and 20 minutes to complete my speech, so thank you for that.

I thank you, Minister, for helping me to win the seat of Hove, which I hope will soon be called "Hove and Portslade", as I am campaigning for use of the full constituency name. We had an enjoyable ice-cream on the beach, I recall, and you had a lot of green paint on your jacket that day after sitting on a painting. We sat on theatre seats on the beach, which was appropriate, given the Department for Culture, Media and Sport role that you hold.

You spoke to local businesses at the Brighton and Hove business show, which included many media companies. As you said, advertising revenues are in decline, but there are many opportunities out there for specific, targeted advertising, which is more effective. Advertising revenues may be down, but opportunities are up through the many outlets that you are creating in local media.

Of course, local democracy is important, so I shall take up your advice to include some of the names of my local media outlets. Our wonderful daily newspaper, *The Argus*, is not always helpful but is always informative, like your own local paper, I believe. It is a wonderful example of a regional newspaper.

We also have a free weekly magazine called *Latest Homes*. It is an example of a magazine whose readership is in ascendancy rather than decline. As you said earlier, many comments have been made about changing the media. I believe you mentioned that the *London Evening Standard* is now in profit. I am sure that that will be one of the ways forward for many papers.

Mr Joe Benton (in the Chair): Order. May I in the nicest way possible put it to the hon. Gentleman that he should not use personal pronouns when addressing other Members? I point out that it should be "honourable Member".

Mike Weatherley: Thank you, Mr Benton, for pointing that out. I appreciate it.

We also have several good, strong local radio stations. One is Juice FM, and there is a community radio station called Radio Reverb, on which I was fortunate to host a programme called "House of Rock". I mention Radio Reverb because it is a good, local community radio station which does not have any advertising revenues. That has its own problems, but the station is an example of how the community can get involved. The ongoing point is that it goes out on the internet as well, and a programme that I presented with the Iron Maiden manager had a spike of listenership because it was taken up around the globe.

That brings me to local television. Like other hon. Members who mentioned this, I am a little concerned about propaganda masquerading as entertainment programming. We need to be careful of that.

I know that various consortiums in my constituency are looking closely at local TV, and one of my hopes, as someone who wants to expand the creativity of the city, especially Hove and Portslade, is that we take up all the opportunities for media. And, while considering local TV, we must consider whether super-fast broadband, whatever that may be, has implications—whether there is actually a local aspect, and whether we have enough listenership and enough people in the locality viewing the programmes rather than taking information from elsewhere.

Mr Watson: It is a great honour to make the first intervention on a new Member. I did not realise that we had the Jack Black of the Conservative Back Benches with us, but I am delighted that the hon. Gentleman is taking part in the debate. When he is looking at his local media and how internet radio and internet TV can be developed, does he accept that the capacity in which super-fast broadband is delivered will be vital to that? If we are to scale up the extent of people downloading content through the net, we will perhaps need a definition of or at least a floor level for what super-fast broadband means in practical terms.

Mike Weatherley: I thank the hon. Gentleman for his intervention. I, too, am looking forward to the definition of super-fast broadband and how that is implicated in the debate. Certainly in my professional career, I have been very involved with intellectual property rights and the problems that that issue creates. I believe in creative ownership and, as the hon. Gentleman rightly points out, digital downloads will potentially cause a problem going into the future. I look forward to supporting the Government in providing a full definition, including the aspect of super-fast broadband.

3.40 pm

Mr Ben Bradshaw (Exeter) (Lab): I welcome the debate. At the beginning of it, the Minister made much of how the new Government want to take Parliament more seriously, but six weeks after taking office, the Secretary of State has made a speech at the Roundhouse about the arts and one in Weymouth about tourism and he has announced at least some media policy at the Hospital club—but he has yet to come to the House of Commons to make a statement. I therefore welcome the opportunity to have a proper debate about media policy this afternoon.

As hon. Members on both sides rightly said, strong, independent local and regional media are essential to the health of our democracy as well as to a sense of identity and place in communities and regions throughout the United Kingdom. However, these have, as hon. Members noted, come under severe pressure in recent years for the reasons already highlighted: the move from traditional to digital media, the reduction in advertising revenue and, for some local newspapers, unacceptable competition from local authority freesheets.

The threat to quality television news on ITV in the English regions and in Scotland, Wales and, to a lesser extent, Northern Ireland, has been particularly serious. ITV has already made drastic cuts to its regional news provision, affecting quality and local content and hampering those programmes' ability to compete effectively with the BBC. However, in all surveys of opinion in this country, the public have said that high-quality local and regional news is the public service content that they value more than any other. Viewing figures substantiate that, with evening regional news programmes often being the most watched news programmes on the schedule in those regions.

That was the context of Labour's policy for independently funded news consortia—a policy supported by both Commons and Lords Select Committees, both with

[Mr Ben Bradshaw]

Conservative Chairs. It was also supported by the hon. Member for Bath (Mr Foster), who used to speak on Department for Culture, Media and Sport matters for the Liberal Democrats, but who has been unceremoniously excluded, so far, from the governing coalition.

In fact, my first question for the Minister is, who does speak for his Liberal Democrat partners on DCMS matters in the present Government? Whoever it is, he or she cannot be too effective, because I have so far failed to identify a single Liberal Democrat DCMS policy that has survived the coalition negotiations. If that person is the hon. Member for Bath, or if it may well be in the future, I wish him better luck going forward.

Mr Foster: As the right hon. Gentleman has asked a straight question, may I read to him from the coalition agreement? It states:

"We will maintain the independence of the BBC"—

a Liberal Democrat policy—

"and give the National Audit Office full access to the BBC's accounts to ensure transparency."

That was also a Liberal Democrat proposal. The agreement refers to the policy that we have already mentioned about partnerships between newspapers and radio. It refers to

"free entry to national museums",

work to deliver the Olympic games,

"moving to a 'gross profits tax' system for the National Lottery",

the use of dormant betting accounts and

"reform of football governance rules".

It also states:

"We will cut red tape to encourage the performance of more live music."

I think that the right hon. Gentleman will recognise each and every one of those as a Liberal Democrat policy, and if he looks in other parts of the coalition programme, he will also notice reference to, for example, minimum pricing for alcohol and other measures. I think that he can be confident that we have played our part.

Mr Bradshaw: Yes, but the hon. Gentleman has read out a rather long list of policies that were also Conservative party policies; none was a distinctive Liberal Democrat policy. However, despite what I have said about the hon. Gentleman's previous support for IFNCs, one of the Government's first acts was to scrap them, without having any clear idea of what to put in their place. When I asked the Secretary of State, during DCMS oral questions this week, whether he could point to any other European country in which his new preferred model of local TV works, he could not.

It would be very helpful to hon. Members here if the Minister did better in his summing up, or if he identified a single respected media industry commentator who believes that the figures on local TV stack up. No, this has been done for ideological reasons and has been cheered on, no doubt, by the Government's friends in the Murdoch empire, who object to any intervention in the market or any obstacle to their aim to dominate it. I am afraid that it will mean the end of high-quality news on ITV in the regions and nations of the UK, and that will be the first bitter legacy of the present Government's media policy.

The move has also been greeted with dismay by local media leaders—people involved in newspapers, magazines, radio and television. Sly Bailey of Trinity Mirror said:

"We believed that the IFNCs' capacity to tap the talent and expertise of regional media companies to provide a viable alternative to the BBC's local news made sense for everyone...we don't see 'City TV' as a viable proposition. Our research suggests that the costs are too high and the revenues too low to support a sustainable business model."

Tony Watson, managing director of the Press Association, said that

"we are sorry to see the scheme for independently funded news consortia scrapped".

David Faulkner, managing director of NWN Media, said:

"The concept of the Independently Funded News Consortia offered a real way forward in boosting news provision on Channel 3"—

ITV—

"and multi-platform coverage across the whole of Wales...We are disappointed with today's statement that the news pilots will not proceed."

Mr Foster: I am sure that as we have a few minutes ahead of us, the former Secretary of State will not mind my intervening again. I have already made it clear that I think we would have carried on the trials were we not in coalition. The problem that we faced, and that he now has to answer, is this. Had the trials been successful, where would the money have come from? Is he saying that the Labour party is committed now, in opposition, to providing funding for the full roll-out across the country of the costs of IFNCs? If so, where is the money coming from?

Mr Bradshaw: We were absolutely clear about that, in our manifesto, in the "Digital Britain" White Paper and in all the discussions that we had on it—that our preferred model was to use a small fraction of the licence fee, equivalent to the fraction currently being used to fund digital switchover. However, we were also open to any other arguments in favour of sustainable, long-term and transparent funding models.

I shall come to the issue of funding now, because the Government appear also to have reversed their previous position and to have accepted what we have always said, which is that fast next-generation broadband cannot be supplied to the whole United Kingdom by the market. They have acknowledged, or at least said, that they will use the underspend from the digital switchover fund to help to pay for that, instead of for the IFNC pilots.

What I am not clear about—I do not think the Minister himself is—is how he defines super-fast broadband. I was sent a definition on my BlackBerry a couple of moments ago, but I have lost it. It did not come up with a figure, although I understand that the current Chancellor of the Exchequer used the figure of 200 megabits at some stage during the election campaign. The Minister's language involved something about a speed that would deliver the best broadband in Europe.

Either way, the Government have at long last recognised that the market will not deliver that, but I am still not clear about something. Our target was to reach 2 megabits by 2012 by using the underspend from the digital switchover, but after 2014, we were going to fund it—again, this was supported by the Liberal Democrats at the time—

through a very modest levy on fixed telephone lines. That would have provided the super-fast broadband by 2018. I am not sure what the Minister's funding mechanism will be post-2014. Although the hon. Member for Bath said that it would not mean the continuation of top-slicing of the BBC licence fee, I should be grateful if the Minister confirmed that that is so. If that is not to be the funding stream, what will be?

If, after 2014, the Government intend to continue using a portion of the licence fee to fund super-fast broadband, I suggest that, having criticised the Labour Government for planning to use part of the licence fee to fund regional news with important public-service broadcasting content, using part of the licence fee to fund infrastructure would show breathtaking double standards. I would appreciate some clarity on the point.

Will the Minister also give us a guarantee—we have not had one so far—that there will be no further deterioration in ITV regional news until he and his Liberal Democrat friends come up with—whatever model they intend to put in its place? Will he also assure us of something that the Prime Minister could not assure us of yesterday at Prime Minister's Question Time—that there will be no relaxation in the rules governing impartiality for broadcasters?

We have talked about further deregulation in the local ownership market. The Minister has already acknowledged that Ofcom has recommended a relaxation of local media rules, with the exception of the same organisation owning all three media—newspapers, radio and television—in one area. Does the Secretary of State's statement at the Hospital club that he wants to go even further than previously proposed mean that the Government would be happy to see a monopoly of media ownership across those three platforms in one area or region? I would be grateful for an assurance—and so, I suspect, would the hon. Member for Bath.

I turn to local newspapers. The downturn in advertising, structural changes in the advertising market and the significant generational shift in reading habits has, as we all acknowledge, hit local newspapers hard. A number of newspaper and other media organisations were part of the successful consortiums that bid for our IFNC pilots, and as I said earlier, they are dismayed by the Government's decision to scrap them. However, the local newspaper industry is looking to the Government to act on the proliferation of local authority freesheets.

None of us thinks that there is anything wrong with local councils keeping in touch with their residents on an occasional basis, to ensure that the public are aware of local services and how to access them, and how to contact their councillors. However, as we have heard, in a small number of cases things have been getting out of hand. The hon. Member for Bath referred to the Local Government Association survey, which showed that about 15% of local authorities produce a newspaper or magazine at least once a month, and that 13% of newspapers give over more than a third of their pages to adverts, with one local authority reporting that half its freesheet comprises adverts. That deprives the local paid-for newspaper market of extremely valuable advertising revenue.

Before the election, the Labour Government were about to issue new guidance that would have put a stop to that. When can we expect action from the Government on that front? The Minister spoke of consultation, but we have already had consultation. We had a long and full consultation last year; we do not need more. The rules mean that he cannot look at documents or correspondence from the time before his arrival at the Department, but I understand that they allow me to get hold of that information; I would be happy to give him a copy of a letter that I wrote to my colleagues at the Department for Communities and Local Government, giving a simple solution. I urge the Minister to implement it forthwith, without having to go through another lengthy consultation. I know that local newspapers and the local newspaper industry are desperate for something to be done. They do not want more consultation; they want action.

I should be grateful if the Minister told us what the Government intend to do about news aggregating services. They have the enormous potential to suck up news for little cost. Indeed, Google is already doing so, but Google will never pay local journalists to cover court cases or to scrutinise the workings of a local authority.

The hon. Member for Bath touched on the importance of local radio and the digital switchover. When we were in government, we recognised the pressures facing the commercial radio industry. The Digital Economy Act 2010 relaxed the rules governing the local radio market. We also provided the industry with much needed certainty on digital switchover, setting a date and the conditions that needed to be met. As the hon. Gentleman said, the freeing up of the FM spectrum for local and community radio could be valuable for local and community radio. However, the industry needs certainty.

The Minister said on Monday that the Government were proceeding with digital switchover, but were

"taking all factors into account"—[*Official Report*, 21 June 2010; Vol. 512, c. 12.]

Will he explain exactly what that means? Are the Government still committed to switchover in 2015? Will they be setting out the criteria that have to be met before a final decision is taken? Will the Government also be deciding on a help scheme similar to that for digital switchover on television, to support people through that time?

Last but not least, will the Minister say when the DCMS website will be updated? I wanted to check what the Government's policy was on media and broadcasting, but it was blank.

3.56 pm

Mr Vaizey: This has been an enjoyable and illuminating debate. Before turning to the myriad questions put by the excellent Opposition spokesman, the right hon. Member for Exeter (Mr Bradshaw), I wish to dwell briefly on some of the speeches that preceded his.

First, I thank the hon. Member for West Bromwich East (Mr Watson) for his kind comments about me. It is sometimes disconcerting to members of the public when Members of Parliament from opposite sides of the House pour praise on each other. It might come across as some sort of establishment conspiracy. However, the public occasionally say that they dislike yah-boo politics and would like politicians to work more closely together. That is obviously why we decided on a coalition.

I do not stint in my admiration for the hon. Gentleman. I have known him for many years. He has turned himself into a digital champion, and a champion of the

[Mr Vaizey]

creative industries. He thinks deeply about the subject and about the impact that the internet is having on all aspects of our lives. It is always dangerous for a junior Member to patronise a more senior MP, but I think that over the past few years the hon. Gentleman has earned the right for his comments to be heard by all sides. He always makes a powerful case. His speeches are not party-free, but they are generally independent and thoughtful. I look forward to engaging in debate with him on this subject for months, if not years, to come. I say, as a matter of praise, that I am always slightly nervous when he intervenes on me; I know that whatever questions he puts to me will probably be difficult, as was demonstrated today.

The hon. Gentleman was absolutely right to speak, perhaps in a Rumsfeldian way, about unknown unknowns in connection with the internet. It is important for hon. Members to understand that the internet is changing things so quickly, and technology is moving so rapidly, that any attempt at prescriptive regulation would be dangerous. The general consensus about the Communications Act 2003 is that it may already be significantly out of date. We certainly had interesting debates about the Digital Economy Act 2010, and there are views across the spectrum on how effective it might be.

The hon. Gentleman raised a specific point about technology advice from the Government. I can tell him—the answer was obviously in my head as he was asking the question—that there exists a creative industries knowledge transfer network. Apparently, that is part of the Technology Strategy Board. It has made an open call for proposals as part of its digital test bed. I do not need to explain this, but for the record the board is an arm's length group under the Department for Business, Innovation and Skills—or, as I learned this morning, part of the BIS family. I am sure that the board will continue to thrive in the age of austerity.

The hon. Member for Bath (Mr Foster)—perhaps I should call him my hon. Friend—and I have participated in a number of debates over the past few years, and as the select group of people who have followed them, and even obsessed about them, will know I have frequently referred to him as my mentor, and that is no less true today than it has been in the past. He is a man from whom I have learned a great deal, and he is a very important part of the DCMS family under the current coalition Government. We continue to listen closely to him and to engage in regular discussions with him. As he demonstrated in his speech, his knowledge of this sector and areas around it is second to none. I obviously concur with his view that top-slicing would be a dangerous road to go down. I heard what he said about contract rights renewal, and I can assure him that the Government are looking at that, because it has become clear that a simple regulatory reform may not be enough. He was very honest in his appraisal of IFNCs and how they came to an end. I heard his remarks on radio switchover as well, and I will return to them when I address the questions put to me by the Opposition spokesman.

I thought that it was a little unfair of the Opposition spokesman to claim that there were no distinctive Liberal Democrat policies in the coalition agreement. There was already strong agreement between the Liberal Democrats and the Conservatives on a range of issues across culture and the creative industries, so in effect, coalition policies already existed, and they made it into the coalition agreement. Indeed, that includes policies that have crashed resoundingly in the past week. I refer to the video games tax credit, of which I was an enthusiastic supporter, as was the hon. Member for Bath. When faced with the brick wall of the Treasury, even policies that have the strong support of leading members of both parties can break like an egg and slide slowly into oblivion.

Mr Bradshaw: In that case, will the Minister give us an example of a single policy from the Department for Culture, Media and Sport that was ditched after pressure from the Liberal Democrats?

Mr Vaizey: I did not come to this debate as well prepared as the hon. Member for Bath, who clearly anticipated the Opposition's question regarding which policies made it in and which were out. The only issue that we disagreed over was IFNCs, and we had a specific alternative policy to put in place. On most other things—I am sure that at any point now the hon. Member for Bath will intervene and help me out—we were in agreement.

I congratulate my hon. Friend the Member for Hove (Mike Weatherley) on his maiden Westminster Hall speech. He and I share a similar ambition; I have renamed my constituency "Wantage and Didcot", although technically it remains Wantage in the *Official Report*. Even the BBC, when I occasionally appear on it, refers to me as "the Member for Didcot". My advice to my hon. Friend is to call himself "the Member for Hove and Portslade", and in every arena other than this, he will be known as that. As I discovered at the last election, he will rack up the votes in Portslade as a result. He has had a very successful career in the media and will bring important expertise to bear on the subject. No doubt he will continue to press me for a definition of super-fast broadband to demonstrate his strong independence while he remains temporarily on the Back Benches.

I welcome the shadow spokesman, the right hon. Member for Exeter, to his place. I occasionally faced him across the Dispatch Box, and he brought a great deal of passion and expertise to his role as Secretary of State for Culture, Media and Sport. Again, without wishing to confirm the prejudices of the public, I have long been an admirer of him and his work. I now have to address some of the specific questions that he was able to put to me as a result of the expertise that he gained as Secretary of State. He challenged me to cite examples of successful local television in Europe. Obviously, there are strong examples in America, but there are also very important successful commercial examples in Spain, and possibly even Sweden. He also challenged me to name any serious commentators who supported our proposals. Roy Greenslade, the éminence grise, who is probably at the pinnacle of media commentators, was full of praise for the Secretary of State's proposals on local television. No one is pretending that a solution is ready to be taken off the shelf; we are working hard on the matter. What Roy Greenslade praised, and what the right hon. Member for Exeter might bring himself to praise in a quiet and private moment, is the ambitious nature of our plans for local television.

Mr Watson: I am grateful to the Minister for his comments, and if I was deploying Rumsfeldian rhetoric in this debate, I apologise. I hope that he appreciates that on this occasion, I have not followed through with the tanks. I am looking for general reassurance on a point. Essentially, I think that his dilemma is that very early on in his time in the Department, he will be asked to back a winner. The point that I was trying to make, obviously rather inelegantly, is that he should try not to lose some of the initiatives that are encouraging innovation and creativity. In particular, I am thinking of 4iP and the work that it has done in the hyper-local news sector, which might be revolutionary, and might be the solution that develops. Have a look at www.thestirrer.co.uk, which was set up by Adrian Goldberg. Goldberg has created a community that generates its own news content, and people participate in a community board on the back of that. I ask the Minister to resist the temptation to narrow down the options, and ask him to try to use very small amounts of investment to ensure that 1,000 blossoms can bloom.

Mr Vaizey: I take the hon. Gentleman's point, and let me say that we can agree on a number of levels. As he said, we are talking about a very fast-changing landscape, so it is not the job of the Government to pick winners. That brings the focus on to why the Conservative party, when in opposition, opposed IFNCs. We felt very strongly that it was about picking winners. It was effectively keeping in place the old model of regional television with public money. In contrast, with local television, we are looking at a deregulatory initiative; it could also perhaps be called a regulatory initiative, at least in so far as it would mean setting in place a regime that allows commercial organisations to fill that space, if they think that it is viable. That is why we have asked Nicholas Shott to examine the commercial viability of the initiative, but the hon. Gentleman is right to say that we must not lose sight of the fact that there are hundreds of different initiatives that are involved in the delivery of local news.

The last time I mentioned the subject in Parliament, I was e-mailed by the local news bloggers in Lichfield, who met in the pub and now provide an ultra-local news service. Of course, there will be elements of public money available for that kind of research and experimentation. In effect, one could argue that although 4iP does not strictly have public money, a public service broadcaster is providing the service. The Technology Strategy Board is available, and the National Endowment for Science, Technology and the Arts could potentially lead research in this area, as could our universities and higher education institutions. It is not beyond the bounds of possibility that media companies might also find room to experiment.

The right hon. Member for Exeter pressed me on broadband roll-out, and how the Government were going to pay for it post-2014. We intend to have an industry day at the Department for Business, Innovation and Skills on 15 July, when the Secretary of State will make his proposals clearer. The right hon. Gentleman could invite the Secretary of State to make those proposals to Parliament. He also raised the issue of impartiality.

Mr Bradshaw: Before the Minister moves off broadband, I thought that it might be helpful if I provided him with his own definition of "super-fast", which was

"broadband of sufficient speed and quality to deliver the services that will lead to Britain having the best broadband network in Europe. The technology used to deliver this could be fixed or wireless but will represent a significant upgrade on today's fixed and wireless networks." [*Official Report*, 17 June 2010; Vol. 511, c. 533W.]

I hope that that is helpful to hon. Members. It will make it unnecessary for the hon. Gentleman to write to everyone after the debate. The Chancellor used the figure of 100 megabits per second in his interview with Andrew Marr during the election campaign.

Mr Vaizey: The Opposition spokesman has read out my definition, and I wonder what all the fuss is about. What could be clearer? In this World cup climate, an alternative definition could be, "just so long as we are faster than the Germans".

The right hon. Gentleman also asked whether the coalition Government were planning to remove the rules for broadcasting impartiality. "Smear" would perhaps be too strong a word, but that is a long-running misrepresentation of a discussion document issued by the Conservative party in opposition. There is a real issue.

No one is planning to remove the rules of impartiality for our current public service broadcasters, but what about *The Guardian* or the *Daily Mirror*? When *The Guardian* does podcasts or makes broadcasts that it puts out on its website, should it be subject to impartiality rules? Common sense dictates that that would not be the case, but there is an open question about what happens with IPTV when the internet becomes effectively available on our television. Suppose that a channel run by *The Guardian* is on the internet, but viewed through our television—should that be impartial or not? It is an interesting matter to explore.

The Labour party was keen to speculate that we were anxious to import Fox News to this country, but that is certainly not our intention. As for whether we would be content with a monopoly of ownership at the local level, we have asked Ofcom to consult on the issue. We want to explore whether it is possible to go further, but we acknowledge that sweeping away such regulations cannot simply be a straightforward political decision. The matter has to be analysed and consulted on, and we would listen to and abide by whatever Ofcom came up with.

News aggregators are an ongoing matter of concern for the local and national media. In recent weeks, News International has decided to put pay walls around its website. Interestingly, Rupert Murdoch is always cited by the Labour party as effectively dictating the Conservative party's media policy; despite the fact that his newspapers supported the Labour party between 1994 and approximately 2009, he apparently has always been in control of the Conservative party and has absolutely no influence on the Labour party.

Mr Watson: I am grateful to the Minister for giving way. He knows that we have plenty of time to develop such arguments. Does he acknowledge that news aggregators are successful because they allow citizens and consumers to find content in a useful format? However, media companies do have the right to opt out of news aggregators and that really should be where the arm of the Government is in such discussions.

Mr Vaizey: Absolutely. The matter is, in effect, an argument between two competing businesses and business models. Again, it is a fast-moving debate and we will see what emerges. I am not convinced at the moment that there is a case for direct Government intervention, even if such intervention were realistic or possible.

Finally, the Opposition spokesman, the right hon. Member for Exeter, pressed me on the digital radio switchover. We remain completely committed to switchover. We intend fully to press ahead with it, but it is important to take all factors into account. As my hon. Friend the Member for Bath pointed out, it is important to scotch a few of the myths that surround digital radio switchover; the idea that FM will suddenly disappear is not true. There are myths about the energy use of digital radios and, again, digital radio technology is changing rapidly to enable cheaper and even more consumer-friendly radios to be put into the marketplace. The previous Government set interesting and important targets for the percentage of the population that should be listening to digital radio before switchover, as well as the level of coverage. Those are all factors that we will take into account. We hope to announce the road map to digital switchover shortly, and by "shortly" I mean in less than three weeks.

This has been an enjoyable debate. I began by teasing my local paper, the *Wantage and Grove Herald*. I hope that nobody would take my remarks as criticism in any sense, because it is one of the best local newspapers in the country, and it provides an important local community service, along with its sister papers the *Oxford Mail* and *The Oxford Times*. I also, perhaps, teased Arqiva for burning down my television aerial in Oxfordshire. I would like to put on the record, as a new Parliamentary Under-Secretary of State, that as far as I am concerned—and this is a tribute both to the current Opposition spokesman and his predecessors—the digital television switchover has gone incredibly smoothly. It is one life's great ironies that the first glitch just happened to happen in an area that affected my constituents.

Question put and agreed to.

4.16 pm

Sitting adjourned.

Westminster Hall

Tuesday 29 June 2010

[MR GEORGE HOWARTH *in the Chair*]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Angela Watkinson.)*

9.30 am

Mr George Howarth (in the Chair): We are in some difficulty because the Member who has secured the debate is not in the Chamber. We cannot commence without him, so the sitting will be suspended until 11 am.

9.31 am

Sitting suspended.

Housing Need (London)

11 am

Kevin Brennan (Cardiff West) (Lab): On a point of order, Mr Howarth. You will be aware that we have just lost an hour and a half of precious parliamentary debating time because of the failure of the hon. Member for Gloucester (Richard Graham) to turn up on time. The situation was compounded by the failure of the Minister of State, Department for Business, Innovation and Skills, the hon. Member for South Holland and The Deepings (Mr Hayes), to turn up in time for our 9.30 am debate. That debate was on the very important subject of apprenticeships. Is there any way in which we can reinstate that hour and a half of parliamentary time, which was lost because of tardiness that would not be tolerated of any apprentice throughout the country? Is not such a situation a contempt of the House, particularly given the number of hon. Members who would like to speak in this housing debate? Given that the hon. Member for Gloucester did not see fit to turn up on time for his debate, the hour and a half that was lost could have been used for the housing debate.

Mr George Howarth (in the Chair): There is, unusually, a point of order in the hon. Gentleman's comments, but I think he was straying towards making a political point at the end of his contribution. The reality of the situation is that it is open to the hon. Gentleman whose debate was lost earlier or any other Member to apply to the Speaker for a further debate through the normal procedures. If any Member considers that the subject of the debate that was lost is important enough, that debate can be held, but it will have to be the subject of a separate application. I do not think that what happened was a contempt of the House, although it might be seen as discourteous.

11.1 am

Jeremy Corbyn (Islington North) (Lab): I am very pleased that we are having this debate, although I am sorry that it will last only an hour and a half. I am sorry that the previous debate collapsed, but we could well have used three hours to discuss housing in London, so it seems that a monumental parliamentary opportunity has been lost. I hope that the hon. Members concerned will reflect on the situation because we are sent here to represent the people and to try to deal with their problems.

I am resuming the debate on housing in London. There is a slight feeling of déjà vu—the actors in the theatre have changed only slightly—because we have discussed housing needs in London many, many times before, and I suspect there will be many more debates on the subject. London Members know that there is no bigger issue, no greater stress and no greater problem that faces all our constituents than housing, whether that relates to people who are trying to buy, people who are trying to get social housing, people who are going through the problems of being a leaseholder or people who are living in private rented accommodation.

The levels of housing stress with which MPs deal are absolutely enormous, but I need not go over that in too much detail because hon. Members in the Chamber will be well aware of it. The levels of stress associated with problems of overcrowding, and of uncertainty and

[Jeremy Corbyn]

insecurity of tenure, lead to ill health, underachievement in school, family break-up and unemployment, and they have a wholly corrosive effect on our society. I am not asking for something special because we are talking about London. I am asking for recognition that the whole country faces serious housing problems and that they are even worse in London than throughout the rest of the country.

One could quote many relevant statistics at great length. I shall not cite a vast number of figures, but I would like to run through some information that was helpfully provided to me by Crisis. Reading across the piece, the average house price in London is £362,000, which is £140,000 higher than that in the rest of the country, and the average income is £26,000 a year, which is £6,000 more than in the rest of the country. The gross annual income needed for a mortgage in London is £93,000—it is £109,000 in my borough—so we can easily see the disconnect that exists.

Total local authority stock in London is 432,000 and housing association stock is 350,000. The number of new lettings by local authorities was around 23,000 last year, with 22,000 lettings by housing associations. Some 353,000 families are on the waiting list for social housing in London, of whom 52,000 are in temporary accommodation, while the number of households accepted as homeless is 12,000, although that relates to the last year for which figures are available. All that information shows that buying anywhere is unaffordable, that there are huge waiting lists for social housing and that the number of homeless people is rapidly increasing. The 12,000 London households accepted as homeless represent about a fifth of the total for the whole United Kingdom.

Mr Andrew Love (Edmonton) (Lab/Co-op): I congratulate my hon. Friend on securing this important debate. I apologise that I will need to slip out of the Chamber part of the way through it, but I hope to be back at the end.

I want to raise with my hon. Friend—and indeed all hon. Members present—the human tragedy behind those figures. People are living in temporary accommodation for four, five or six years. They move constantly and are unable to settle anywhere. The children of such people are really badly affected by continually having to up sticks to move to other accommodation. Should we not be most concerned about that situation?

Jeremy Corbyn: My hon. Friend is absolutely right. I recall that in the halcyon days when I was chair of housing for Haringey council, we were able to build a large number of council houses, some of which were very good properties. We were determined to build good-quality properties not because we had a desire to spend vast sums of public money, but because we had a desire to conquer the problems of housing shortage and the stress that goes with it. Three quarters of the people in this country who are in temporary accommodation are in London, and my hon. Friend is right to point out the effects that that has.

All hon. Members have seen people in our advice bureaux who are living in their third or fourth piece of temporary accommodation and whose children have had to move schools or make very long journeys to stay in the same school. Those people are unaware of what will happen to them because of the lack of security that surrounds such a situation. We have a very serious problem indeed. I mentioned the corrosive effects of housing stress in London. One such effect is overcrowding, a second is uncertainty, a third is the problems of private rented accommodation, and a fourth is very high cost, which is the matter that I want to move on to.

If someone secures a council or housing association tenancy in London, the rent for a two-bedroom flat will be, broadly speaking, £100 to £120 a week. That is a reasonable rent—it is an economic rent, not a subsidised rent—that allows people to live somewhere reasonable, secure and safe. However, this country's very bad record on building social housing over the past 20 years or so means that the number of people re-housed by local authorities or housing associations is low. Most local authorities say, "We cannot possibly house you; you'll have to go into private rented accommodation."

Councils therefore assist people to get private rented accommodation and have, in some cases, an over-close relationship with various letting agencies. The rents in such accommodation are often very high. They can be £250 or £300 a week, but I have even come across rents of £400 a week or more. If the people concerned are unemployed or on benefits, those rents are largely paid through housing benefit. For them, having a private rented place with the rent paid initially sounds like a reasonable option, but two problems can emerge. One is that such people are left in an enormous benefit trap, because if they succeed in finding a job, they will lose all or most of their housing benefit, and they therefore cannot possibly take a job unless it is incredibly well paid. One needs an awfully large salary to be able to pay £400 a week in rent. I suspect that that figure is far more than hon. Members in the Chamber pay for their mortgage monthly.

As a country, we are therefore pouring billions of pounds in housing benefit every year into the pockets of private landlords who do not give security and often provide inadequate accommodation. It is often very difficult to get them to carry out repairs, as I am sure that all Members in the Chamber who have corresponded with private landlords to try to make them carry out repairs have found. We must bear in mind the benefit trap and the huge cost to the whole country. It is fairly obvious, as a point of principle, that it would be far better to invest our precious national resources in building homes for affordable rent through councils and housing associations, rather than pouring the money down the drain by putting it in the pockets of private landlords through the housing benefit system. None of that is particularly new.

Simon Hughes (Bermondsey and Old Southwark) (LD): The hon. Gentleman and I have held similar views on those matters for many years, and I have not changed mine. Does he agree that we ought to encourage local authorities to use their powers to acquire all the residential properties in their boroughs that are sitting empty? There are now powers for local authorities to take over the management of such properties, albeit not their ownership, so that they can let them at affordable rents, rather than pushing people into the private sector which, as he rightly said, makes things impossible for those who want to get back to work because of the benefit trap.

Jeremy Corbyn *rose—*

Mr George Howarth (in the Chair): Order. Seven Members have indicated that they wish to speak in the debate, so lengthy interventions are not fair to them.

Jeremy Corbyn: I take your point and I will be brief, Mr Howarth, because I want all Members who wish to speak to have an opportunity to do so.

I largely agree with the points made by the hon. Member for Bermondsey and Old Southwark (Simon Hughes). Local authorities do have the power to buy on the open market and to take over empty properties, and they should use that power. Indeed, my right hon. Friend the Member for Barking (Margaret Hodge) was chair of the housing committee in my borough in the 1970s and undertook an enormous purchase of street properties throughout the borough, which did a great deal to preserve its street character and to house many people who would not otherwise have been housed. Clearly, there will never be enough land for new build in central London, so that is one way of dealing with the problem.

I want the Minister to answer four simple questions. I am sure that he will give me positive answers to them all because I know him to be a decent, reasonable and helpful chap who wants to deal with the housing problems in London, even though he does not represent a London constituency—there is no crime in not representing a London constituency. *[Interruption.]* I do not wish to be controversial, because that is not in my nature. The statements that the coalition Government have made over the past few weeks are disturbing, to say the least. They initially said that they would continue investment in infrastructure in our society, which I took to include the current building programme and the enhanced building programme for council houses—the Minister can confirm whether I am right or wrong. However, last week's Budget included a statement on housing benefit that is absolutely devastating for those of us who represent London constituencies. It is devastating for the whole country, but its effect will be particularly acute in London.

I should tell the Minister that 30% of my constituents live in private rented accommodation, that about 40% live in local authority or housing association properties, and that the remaining 30% are owner-occupiers. Many of those in private rented accommodation are in receipt of housing benefit. I will quote again from the information helpfully provided by Crisis:

"From Oct 2011, Local Housing Allowance (the new form of HB…) will be set at the 30th percentile (rather than the 50th as now). This is probably the most serious of the cuts and will mean many more people will face shortfalls and/or find it very difficult to find and sustain a tenancy. It will be particularly difficult in areas where more than 30% of the private tenants are benefit claimants. This may well lead to an increase in homelessness.

From April 2011, rates will be capped (from £250/week for a 1-bed to £400/week for a 4 bed). This will mean certain areas are likely to become no go areas for claimants, particularly larger families, with significant implications for mixed communities and community cohesion, through changes to the 30th percentile will affect more people…Alongside this, working age people in social housing will no longer be able to claim HB on a property deemed bigger than their needs. This is designed",

apparently,

"to tackle under occupancy. From 2013/14 onwards, Local Housing Allowance will be uprated on the basis of the Consumer Prices Index, rather than on the basis of local rents."

Non-dependent deductions are another issue. When taken together, those proposals will be absolutely devastating for those of us who represent high-cost, inner-urban areas. They will, in effect, start a process of the social cleansing of claimants across London.

Stephen Pound (Ealing North) (Lab): Bearing in mind your earlier strictures, Mr Howarth, I will be brief, and I am sure that all Members wish you a happy birthday.

With regard to the figures that my hon. Friend quoted in relation to private sector leasing, is the situation in his borough the same as in mine, where the majority of those PSL properties are former local authority properties that have been bought from the council and are now being leased back to it? Does he agree that one needs a strong stomach and a sense of irony to look at housing in London today?

Jeremy Corbyn: Many of them are ex-local authority, although not all. I am constantly astonished when I speak to people in my constituency who are living in ex-council flats that are privately rented and are paying twice, or three or four times, the rent of their next-door neighbours who are still council tenants. What is going on in London is absurd and obscene. I hope that the Minister will at least recognise that the housing benefit proposals are punishing the poor, tenants and those in housing need for a problem that they never created. I am not sure what the proposals will achieve. Unless they are linked to a huge building programme of places for affordable rent, all we will be doing is making a bad situation much worse and punishing a whole generation of young people and children across London. I want to hear about the building programme, so I hope that the Minster will be able to address that point.

I shall make my two further points quickly because many colleagues wish to speak. Has the Minister any plans to improve the situation of leaseholders who have bought places, usually under shared ownership schemes, from housing associations? There seem to be enormous problems about representation in housing associations, and many of them seem to have a generally unresponsive attitude to high leasehold and service charges.

My final point relates to planning issues. Most local authorities in London have now adopted a proposal that a proportion of all new build schemes should be for social housing. The former Mayor of London, Mayor Livingstone, wanted a proportion of 50% for those in housing need, although I would rather it was 50% for social housing. Is the Minister prepared to underline what the previous Government tried to do by providing sufficient resources so that new build can take place or providing borrowing allowances for local authorities?

My local authority has a new cabinet member for housing: James Murray, who is part of the new Labour team—not new Labour with a capital "N"; I do not ever want someone to misquote me on that. I shall end by quoting from his message to me:

"In Islington we have thousands of families on the waiting list for housing, many living in desperate overcrowding. It is not rare to see 7 or 8 people in a 2-bed flat—with the children often unable to do their homework, unable to have any privacy, and with the whole family suffering under the stress…The announcement last

[Jeremy Corbyn]

week of a cap on housing benefit could put a third of Islington's private sector tenants who are on housing benefit at risk of eviction. This will only increase the pressure on social housing—and so more than ever we desperately need more investment in social rented homes. You will hear the same message from many Labour politicians in inner London—and that is because this investment is the only answer."

11.19 am

Mr Mark Field (Cities of London and Westminster) (Con): Many of us present are old hands at speaking in Westminster Hall on the continued complexities and persistent demands of providing affordable, decent and plentiful homes in the capital. I fear that I have joined the hon. Member for Islington North (Jeremy Corbyn) as one of the usual suspects in that regard, and perhaps in many other ways as well. The frequency of our presence in this Chamber testifies to the difficulty of striking the right balance when dealing with housing need in London.

As those who have heard me speak on this subject before will know, an ostensibly wealthy inner-city constituency such as mine is not in any way immune to these problems—quite the opposite. Housing has been, and continues to be, the single most important issue in my postbag, along with immigration. No doubt, the two things go hand in hand for Westminster, and for any of us with London seats, because this global capital city is a magnet for those seeking to make their fortunes—not only from across the world but from all corners of the British isles.

The pressure that the vast flow of people into and out of my constituency places on our housing stock is enormous. Rental values have shot up in recent years, and so too has the huge cost of providing for those in need, although the amount of money that landlords get from tenants on housing benefit has similarly driven up prices. It is, I fear, for that reason that some of the most shocking and high profile stories about housing benefit have come from my constituency; the £104,000 a year home was in Mayfair in the west end. There are individual families whose accommodation costs the taxpayer thousands of pounds each and every month.

I have a lot of sympathy with what the hon. Member for Islington North said on this subject. There is a risk that some of the proposed changes will drive some of the most vulnerable people out of London, and that will need to happen to a large extent.

Emily Thornberry (Islington South and Finsbury) (Lab): I heard the hon. Gentleman say that some of the most vulnerable families will be driven out of central London, and I believe that he said that was necessarily so. Where does he think they should go?

Mr Field: I hope that the hon. Lady will allow me to continue with what I have to say; these issues affect all of us in the capital. In his Budget statement, the Chancellor said that we could no longer have a state of affairs where people who do not work are living in homes that ordinary working people simply could not afford for themselves. Putting aside that principle, housing benefit has also become an enormous trap, as the hon. Member for Islington North rightly said, for its recipients in London, and I agree. In the past few weeks, I have canvassed people in the Churchill Gardens estate, where the precise situation that the hon. Gentleman described is prevalent. In other words, people are living next door to one another, one in a council property paying rent that is very low by the standards of the vicinity, and another in a property that has been sold two or three times and is now in the hands of a housing association, effectively being passed on to nominations from the local authority at three or four times the rent of the property next door.

Ms Karen Buck (Westminster North) (Lab): Has the hon. Gentleman spotted a potential inconsistency in the argument of the Secretary of State for Work and Pensions, who says that the unemployed in the north of England, for example, should give up their homes and move to London, while those on benefits in London should give up their homes and move to the north of England?

Mr Field: I fear that there are many inconsistencies going back not only over the past six or seven weeks but, I suspect, over the past six or seven decades. One inconsistency is that we had a Labour Mayor of London for eight of the past 10 years, and housing development was almost at its lowest. In many ways, having overly stringent rules prevented many developers from deciding to develop; they sat on their hands and waited for property prices to increase. The situation has made unemployment a logical option for many people living in London, because it has been forced on them, due to the huge poverty trap. That has meant that unemployment in the capital, even in the boom years, was the highest of any region in the UK.

The announcement in the emergency Budget of a cap to limit the cost of a four-bedroom property to £400 per week has caused incredible concern among my constituents. I suspect much of that concern is caused by the uncertainty of how such a cap will be applied in individual cases, and I want to highlight a couple of typical cases that have come to light in the past week or so. Most of the concerns raised with me so far have come from elderly or disabled constituents, many of whom have been unable to get on to Westminster city council's list for a council property, so instead they live in the private rented sector and have their rent paid by housing benefit. One such constituent is Mr Roger Aves, a disabled resident who requires a live-in carer. He wrote to me:

"You cannot get a broom cupboard in central London for the amount being proposed yet central London is my home and has been since 2001. My medical input is large and being close to my health providers and social care was paramount to my choice of living here."

Another constituent, William Richards, is an 80-year-old pensioner from Pimlico. He said:

"I agree with a cap on total amounts although it may well affect me in the future. What is a bit mystifying is reference to 'percentile'

referred to earlier—

"which appears to be another way of reducing the benefit but is not made clear at the moment. I have lived in the same private rented accommodation for 25 years. My rent is increased by 10% per annum. How will my flat be evaluated compared to the rent of a social housing flat? Will it be based on the market rent of a privately rented flat in Pimlico or on a council flat?"

As many of us know, some of the most illustrious and sought-after areas in central and outer London are often cheek by jowl with council estates. Mr Richards says:

"The two do not bear comparison. Even now my pension does not cover my rent and I have been living on my savings for many years now in order to pay for the basic necessities. I may well be forced to leave my home."

It is vital that the likely impact of any changes is made clear to people such as Mr Aves and Mr Richards, and we need certainty at the earliest opportunity.

My local authority, Westminster city council, supports the cap and lobbied for some time on reform of housing benefit, as it is essential to reducing the welfare bill, particularly with rates of £2,000 per week claimed for larger properties in Westminster—rare, but none the less real cases.

Ms Buck *rose—*

Mr Field: I am sure that the hon. Lady wishes to defend the honour of Westminster city council.

Ms Buck: Does the hon. Gentleman share my sense of irony that Westminster is supporting the cap now after making almost £6 million for the council tax payer in recent years through housing benefit being above the rents paid for temporary accommodation? Is he not aware that to be politically in line with the Government, Westminster is cutting its throat and the throat of its council tax payers to the tune of nearly £6 million?

Mr Field: The hon. Lady makes a very valid point; one of the main absurdities of the housing benefit system is that there is so little incentive for local authorities, whether in London or across the country, because they can get the money back from central Government. That situation has to change.

Westminster council estimated the worst-case costs at £8.1 million, reflecting the expense of the long-term temporary accommodation contracts that the council was encouraged to enter into under the previous cap regime. Many would welcome the Government's implementing the new caps and mitigating the associated risks. In particular, places such as Westminster need the guidelines around local connection to be changed. Under the existing guidelines, local authorities affected by the caps are required to try to house people in their vicinity. I think that Westminster city council is particularly concerned that the courts will find against it if it tries to house families out of the borough, leading to additional costs and more uncertainty and family disruption.

The guidelines need greater flexibility, and the Minister must recognise that there are specific issues in London, for boroughs of all political complexions, that need to be thought through. We need to ensure that local authorities can, to an extent, house out of borough when it has not proven possible to find temporary accommodation in the area at the new capped rates.

There is much more that I would like to say, but I appreciate that other Members wish to contribute so I shall end my comments with these thoughts. Given that the proposals are due to come in over the next few months, in the run-up to the next financial year, I wish to say only that many Members on the Government Benches welcome the review of the housing benefit system, the flaws of which have been glaringly obvious to all of us who deal frequently with housing cases. I accept that there will be differences across the House as to how the changes should take place. If the case for change is successfully made, we will require a much closer working relationship with the boroughs, and clear and frequent communication with London Members, who will be receiving ever more letters from anxious constituents in the months ahead, so I hope the Minister will pledge to ensure that there is proper communication, which will be essential.

It is also vital that the most vulnerable in our communities are properly reassured. If they are not, we risk undermining the most compelling aspect of the case for reform, which is that the measures should primarily be about fairness, with the hard-working being rewarded and the truly vulnerable being properly and fully protected.

11.30 am

Glenda Jackson (Hampstead and Kilburn) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mr Howarth. I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn) on securing this debate.

I shall not rerun all the figures that have been heard already. I agree absolutely with what my hon. Friend said, and I also agree, up to a point, with the contribution of the hon. Member for Cities of London and Westminster (Mr Field). The central issue is the implicit threat to so many of the most vulnerable people in my constituency from what the Government propose on housing benefit. I freely and openly admit that I am a cynic when it comes to their policies on what I still regard as social housing—I prefer to call it council housing, but let us make it broader than that.

It seems that we will have, yet again, a rerun of the attacks that were made on social or council housing under the first Thatcher Administration—the coalition Government are actually Thatcherism mark 2—and we can remember what happened during that time. We saw a massive explosion in homelessness. I do not think that there was a single street in London during that time that did not have its community of homeless people sleeping in doorways, many of whom had serious mental health as well as physical health problems. The waiting lists grew ever longer, and families were placed in bed and breakfast accommodation where they were allowed into what were, in the main, utterly appalling conditions. I visited many of them, and I speak about what I actually saw. If those images had been presented to members of the Kennel Club as fit places for dogs to live, there would have been riots in our streets. Families in such accommodation had to leave it at 9 o'clock in the morning and were not allowed back until 5 o'clock at night, in many instances.

Out of the desperate need of those families—every black cloud has a silver lining—came a growing number of charitable and voluntary organisations that attempted to get certainly the children off the streets of London, where the then Government had deemed it was entirely right and proper for them to be. Many of the children were of pre-school age, and, of course, there was nothing like Sure Start and no free nursery provision in those days.

[Glenda Jackson]

What is being proposed by the present Government for housing benefit will recreate precisely those conditions all over again. No one in this Chamber would argue that the housing benefit system should not be examined closely—many of us have been arguing that for a considerable time—but to believe that we can improve it by punishing those who have no homes without the support of housing benefit seems utterly absurd.

For example, rents in my constituency and in that of every London MP who is sitting here this morning are way above the national average and, in many instances, way above the London average, yet the Government propose that a cap should be placed on housing benefit. I cannot in all honesty see the landlords who are presently benefiting from the system saying, "Oh dear, are we charging too much? Perhaps we should bring the rent down." They will simply not accept the same number of tenants whose rent payments are dependent on housing benefit. That is also something that has been growing over the past few years.

Then we look at the north, where people who cannot get work in London are apparently supposed to go to look for jobs. Rents undoubtedly are much lower there than they are in London, but one knows precisely what will happen. The landlords will say, "Oh, goody." If the Government are prepared to pay a certain amount for a house, flat or whatever, up the rents will go. There will be absolutely no saving of any kind for the national purse, but there will be real, serious human tragedies played out on our streets yet again.

As my hon. Friend the Member for Islington North said, the proposal will impact horrendously on children. He did not say that—I am paraphrasing—but that is what he meant. It will impact horrendously on children who cannot do their homework or make friends because they have nowhere to bring friends after school to play or have a cup of tea. It will impact terribly on parents who are constantly left feeling guilty, because they see the damage that is being inflicted on their children.

The proposal will also have appalling repercussions on the wider community. All hon. Members receive letters and complaints from constituents about noise—in many instances, it is perfectly natural, normal noise. Children make noise, and if three or four of them are in an extremely small flat with nowhere to play—more than likely up a tower block—they will make noise, and that will create the usual neighbourhood dramas that we all have to deal with day in, day out.

I go back to my original hypothesis, which arises from my cynicism and hard-won experience of many years ago, that this is just another brick in the wall of the attempt by the present Government to destroy social housing as we all understand it. They want all properties that at present could be deemed to be social—whether council, housing association or some other form of social housing—to be taken out of that sector and placed in the private sector. It seems that they want to put all housing in the private sector and to remove all kinds of support for people who will never be able to buy a house of their own or meet what will be the soaring costs of renting in the private sector, certainly in London, because they want London to be a place where rich people live. They do not want it to be a place where poor people live.

This is a step up from the gerrymandering—I exclude the hon. Member for Cities of London and Westminster—that we saw in Westminster. My hon. Friend the Member for Westminster North (Ms Buck), who is sitting one seat away from me, knows precisely where I am going with that. That kind of gerrymandering involved decanting people from areas of Westminster and bringing in those who were deemed to be Tory voters. I have to tell the Government that the fallacy that only rich people vote Tory is absurd. I know many people whom they would not regard as being even vaguely well off who are solid, absolutely committed Tories and will be all their life.

The idea that the way forward is to create virtual ghettos of a different kind is absolutely and utterly unacceptable in a country such as ours, certainly in this century. We cannot go down the road of arbitrarily deciding which properties can be charged for at a certain level in this way. The proposals for housing benefit are monstrous, and they will, as they inevitably do in such areas, impact most on the most vulnerable.

I sincerely hope that the Minister, who I am surprised to find sitting here supporting such policies, will rethink them. If he will not do that, I hope that he will report on what he hears this morning in the hope that those above his pay grade will think again about something that could be so destructive for this city.

Mr George Howarth (in the Chair): It might be helpful if I announce at this point that I intend to call the first of the two Front-Bench spokesmen at 12.10. If hon. Members who are trying to get in do the maths, they will realise that it will be difficult to get everyone in. However, the more disciplined hon. Members are about the time that they take, the more likely it is that we will get more of them in.

11.38 am

Tom Brake (Carshalton and Wallington) (LD): Thank you, Mr Howarth. I shall follow your stricture and keep my remarks to 10 minutes or thereabouts.

I congratulate the hon. Member for Islington North (Jeremy Corbyn) on securing this debate. He is right: many of the usual suspects are present for it. They include some ex-Ministers who share responsibility for the housing situation that we have in London.

It is fair to say that housing has been neglected by successive Governments and that the problem in London has not emerged in the past couple of months. There are different figures for how many households in London are looking for or waiting for social housing, but 350,000 has been quoted to me. Whichever figure one takes, a substantial number of people need social housing.

Clearly, as a result of demographic changes in London, pressure on housing will increase as the population increases. Demand might rise further if the coalition proposal to safeguard housing rights for people who are looking for work and perhaps coming to London has an impact, which it could. The proposal has some merit, but for it to work, we need some spare capacity in housing in London. I would not want such a proposal to displace people who are waiting for housing in London and who, in many cases, are being advised that they could wait for seven, eight, nine or 10 years. Such waiting times are being quoted to some people in my borough.

Clearly, too, the housing benefit changes, to which many hon. Members have already referred, will have an impact. There is some evidence, certainly in the commercial sector, that some landlords are responding to the present financial situation and, if not knocking down prices, holding prices for leases that run for four or five years.

Mr Andy Slaughter (Hammersmith) (Lab): The situation may or may not have changed but the policy certainly has, so does the hon. Gentleman support what the Housing Minister said about looking at having no secure tenancies for new lettings in the future? Does he support the £250 to £400 cap on housing benefit, which must affect his constituents as well as mine?

Tom Brake: Some valid points have already been made in the debate and, perhaps surprisingly, one of the reasons for my being here today is to listen to the Minister, who is a sound and honourable man, explaining—hopefully, explaining away—some of the apparent contradictions in a number of the proposals. I know from his background in local authorities that he believes, contrary to what the hon. Member for Hampstead and Kilburn (Glenda Jackson) said, that council and social housing in this country has a strong and sound future. I am sure that he will defend that principle.

Glenda Jackson: Going back to my theme, we have heard such a proposal before but presented in different words: essentially, it amounts to a property-owning country. That is good old-fashioned Thatcher dogma, simply re-dressed in another way. We saw what happened when that dogma ran the first time: a massive loss of homes, businesses and families. The Government will create that all over again.

Tom Brake: That is the hon. Lady's interpretation of the coalition Government's proposals across a number of policy areas, but it is not one with which I can agree. I agree that we need to guard against the potential impact of the proposed housing benefit changes on migration from central London to outer London boroughs or beyond, but I hope that Opposition Members accept that we are in rather a difficult financial position at the moment. I am keeping a tally of their proposals on how to address that position. They have accepted the need to cut 20% from a number of departmental budgets, including those of the Departments for Work and Pensions and for Communities and Local Government, so we need to hear some sort of explanation. Indeed, the hon. Lady said that housing benefit should be looked at, but presumably not with a view to increasing the funding available. I hope to hear at least an outline of some possible Opposition solutions or improvements to the coalition Government's proposals. I shall wait and see.

Jeremy Corbyn: Does the hon. Gentleman not understand that if we invested in housing with affordable rents, through housing associations and councils, we would immediately cut the housing benefit bill enormously: instead of paying £400 a week, we would pay £120 a week?

Tom Brake: I thank the hon. Gentleman for his intervention. I assure him that I understand his point perfectly, but he must be aware, having spoken in many such debates in the past 13 years, that housing in London is in short supply. The previous Government did not manage to resolve the problem, but I hope that the coalition Government will do so.

I want to refer to some of proposals in the coalition programme that will address the issue.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): As someone who also represents an outer-London borough, I share the hon. Gentleman's concern about the migration of people from central to outer London—a number of my constituents, who are struggling to find housing in the private sector because of the changes, are already concerned. He hopes that the Government will make some changes to prevent such migration from happening, but what sort of changes would he like the Government to make?

Tom Brake: I am afraid that I shall again have to defer to my hon. Friend the Minister, who I am sure will pick up that point when he responds to the debate. I want to put on record some of the proposals that the coalition Government have listed in their programme—measures, or sentiments, that can address the situation. When the Minister responds, I hope that he can put some flesh on the bones of such sentiments, as well as give an indication of where the Government are going with housing, so that we have greater clarity about how housing provision and needs will be addressed.

We will promote a radical devolution of power and greater financial autonomy to local government and community groups. We will abolish local spatial strategies and return decision making on housing and planning to local councils. We will radically reform the planning system, to give neighbourhoods far greater ability to determine the shape of places in which their inhabitants live. We are exploring a range of measures to bring empty homes back into use, as my hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) made clear in an intervention earlier. We are also looking at new trusts and perhaps ways of providing cheaper homes that people can buy—cheaper because community trusts hold the land separately.

Emily Thornberry: Is the hon. Gentleman aware that David Orr from the National Housing Federation has said that changes to the planning system, such as the end of regional targets and the cut in investment, mean that the amount of affordable housing built in England this year could fall by 65%?

Tom Brake: I am aware of those concerns. However, a bottom-up approach to housing is required. Again, when the Minister responds to the debate, I hope that he will explain how the proposals in the coalition programme will help to increase the supply.

I want to mention the promotion of shared-ownership schemes. Registered social landlords, such as London and Quadrant led by David Montague, are proposing imaginative schemes, such as the "up to you" programme, to make homes available for people who might not be able to pay a deposit for a property.

The situation is challenging, but we have some solutions or partial solutions to the problem of housing need in London and beyond. I should like to ask the Minister a specific question—just to get some clarity—on the decent homes programme. Although the issue is a local one, it

[Tom Brake]

might affect other hon. Members. The London borough of Sutton was awarded partial funding for its decent homes programme shortly before the general election. I seek confirmation that that funding remains available, and I ask about the future of the programme, which was due to last for a number of years. Tenants and the Sutton Housing Partnership are interested in what will happen to the decent homes funding.

To conclude, we are clearly in a challenging situation as far as housing need in London is concerned. It is not something that has emerged in the past couple of months but has been a long-standing problem in London, with a shortage of supply of affordable homes and, indeed, homes for sale. I hope that the coalition Government can take on that situation and can address it in the next five years.

11.49 am

Mr David Lammy (Tottenham) (Lab): I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn), who has a long history of bringing to this place for discussion matters on which Opposition Members work as a team. My hon. Friend the Member for Westminster North (Ms Buck)—I hope that she catches your eye, Mr Howarth—also has a long history of bringing such matters to this place.

As London MPs, we are not here to suggest that we have cracked housing issues in London. We all have a long track record of campaigning on them, and understanding them, largely because we know from our constituency surgeries that London is a tale of two cities—the two cities that my father found when he arrived here in 1956. He shared a one-bedroom flat with a small paraffin heater in Finsbury Park with five others. He is not with us today, but I know he is pleased that I now have a big house in Finsbury Park. That is the progress of immigration.

All of us in the Chamber have large homes, and all of us have employment, but we are here because either we are moving incrementally forward on housing or moving backwards. The Budget and its housing benefit issues will move us backwards. I predict that the result of the exodus from inner London to outer London will be equivalent to what happened in the Parisian suburbs and there will be social unrest in three or four years. It is right to put that on the record. That will be the consequence of the social cleansing of inner London. It is patently clear to all Members of Parliament who represent London constituencies that the face of homelessness, particularly in London, is a black and ethnic minority one. Those are the people who will be cast out of Westminster, Islington, Camden and Hackney to find their way and their homes as they will, against a backdrop of existing acute housing need in London.

We have a Mayor who is not committed to building the necessary affordable homes in the city. Looking at the list of Conservative local authorities, I find it pathetic that only 200 affordable homes were built in Westminster in the last year for which we have figures; just 100 were built in the London borough of Kensington and Chelsea and, even worse, in Richmond only 127 were built. Those authorities have the space and the opportunity, but over that period their attitude to building affordable homes was poor. That is the backdrop against which people will suffer.

Last Friday, an event was organised by the charity, TreeHouse, which supports families with young children on the autistic spectrum. I spent the afternoon on the Broadwater Farm estate with the Uddin family. I collected their son, Adil, from Broadwater Farm primary school, to be close to the family as they deal with their five-year-old's serious autistic needs. There are eight of them and they live in a two-bedroom flat, which is typical of housing need in my constituency. My message to that poor family with six children is that their disability living allowance will probably be cut by the present Administration, so despite having a three-week-old child, they can forget any possibility of receiving the baby or toddler element of the child tax credit, because that will go too. Mr Uddin makes representations to me about housing need, but against a backdrop of 3,471 people on the temporary accommodation list in the London borough of Haringey and, as we speak, 818 in emergency accommodation, it is very unlikely that the family will be able to move from their two-bedroom flat, despite the fact that eight of them live there. Even worse, the new Government, because of their attitude to economic matters, has deemed that the housing pressure in our London borough is set to become even worse.

Opposition Members believe passionately that despite the tough economic times, the way through is to invest and to determine growth. This is an opportunity for a new deal arrangement for our country, and Liberal Democrat Members should remember the opportunities that Lloyd George put in place with his people's Budget. It is a disgrace that hon. Members who represent areas such as Hornsey and Wood Green, and Bermondsey, where there are poor and needy constituents, support a Budget that will result in an exodus and social unrest. It is a disgrace.

Tom Brake: Will the hon. Gentleman give way?

Mr Lammy: No, I will not give way. We have heard enough from the hon. Gentleman and, frankly, it was pretty poor.

One in eight people on housing benefit is unemployed, but many are workers—cleaners, shop workers, hospital porters and so on. The pressure that the Budget will put on them is unacceptable. It is a disgrace, and will lead to the sort of social unrest that I and my constituents saw in 1985 when unemployment was 20% in the constituency, and probably 40% among black people. We will see that again with the cutting of the future jobs fund alongside the ridiculous, nasty policy that underpins the Government.

[Mr Mike Hancock *in the Chair*]

11.56 am

Ms Karen Buck (Westminster North) (Lab): We have heard some excellent speeches from Opposition Members this morning, and I hope that we will hear more. I will

try to be brief. I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn) on giving us that opportunity.

London has always been a city of mixed communities. In constituencies such as that of the hon. Member for Cities of London and Westminster (Mr Field), mine and those of other hon. Members, we see the historical product of that mixture. Properties were built by Peabody and Octavia Hill, and the 19th century housing associations. They recognised that there were slum conditions in London and that the poor have always lived in different parts of London. We are in danger of engineering a set of solutions that fly in the face of the centuries-old history of London by making London, particularly central London, safe for millionaires to live in.

We had a mixed stock of housing in our cities, and that stock has changed, but the supply of properties has not changed. The buildings are still there, but the people who live in them are different. For example, Westminster has 14% less social housing than in the 1980s. In Sutton, there has been a 7% fall in the number of social housing properties, and in Wandsworth, remarkably, there has been a 22% fall in the proportion of social housing properties. Some of the people living in ex-social housing properties bought their properties, and rightly so. Good luck to them. Understandably, they took the opportunity, and then sold and moved, so those properties are now in the private rented sector. My hon. Friend the Member for Ealing North (Stephen Pound), who has left the Chamber, said that some people living in ex-local authority homes are paying rent of £400, £500 or £600 a week when their neighbours are paying only £100 a week.

We have heard about the employment trap being almost a justification for such policies, but let us not forget that rents cause the employment trap. Those who are living in private rented accommodation and facing a rent of £400, £500 or £600 a week obviously find it difficult to work, although despite that many do. If they had the benefit of a social rented unit, as many of them used to have, they would not face the employment trap and the disincentive to work. Indeed, all the records show that unemployment and worklessness in social housing was far lower 30 years ago than nowadays because all sorts of social housing—housing association and local authority property—is residualised due to the reduction in stock.

We now blame tenants and those who live in those homes but, in many cases, they would have been social tenants if the available capacity were the same as 20 or 30 years ago. We retreat to the policy that was actively encouraged during the 1980s of shifting large numbers of people not just to outer London, but in some cases to bed and breakfasts in Margate or to social housing in Birmingham, regardless of all the local and community connections people might have had. What a desperate legacy we are still dealing with for families who were, by definition, going through the homelessness gateway and therefore vulnerable. They had children, disabilities or caring responsibilities, and we are still dealing with some of the consequences of cramming people into bed-and-breakfast accommodation and shattering their local connections in order to implement a harsh homelessness policy.

This policy is absolutely insane. Although I have been critical in the Chamber about the Labour Government's failure to build enough social houses, they did—rightly—look at ways of reducing homelessness. The number of households accepted as homeless has fallen steadily over the past 15 years. Over the past year, a duty of homelessness was accepted for 36,000 households—9,000 over the last quarter. That number is down.

Looking at homelessness prevention we see that last year, 123,000 households were diverted from making a homelessness application. Fine. We all agree that keeping people in their homes and providing them with an alternative would be a sensible thing to do. However, where were those 123,000 households diverted? More than 60% were diverted to the private rented sector. We have achieved a reduction in homelessness by placing people in the private rented sector. Now we are saying to those people that we can no longer put them in the private rented sector in most places, so what will happen? They will be homeless. They will make an application and, under present law, there is a duty to accept them as homeless, so what is the answer?

Earlier, the hon. Member for Cities of London and Westminster came up with an answer: the coalition Government will change the law. I predict that they will change the law so that local authorities no longer have a duty to house homeless applicants; Westminster council has made it clear that it supports that position, as has Hammersmith council. Local authorities could not house those people because if they did, the entire policy on housing benefit reduction would be shattered. Therefore, the Government will change the law to allow all homeless households to be housed only in the private rented sector. They will remove all forms of local connection. But what will be required? How will the Minister answer that? Will households be required to find alternative accommodation anywhere in England, or will it just be anywhere in London? That question goes to the heart of the implications of the policy.

The Government propose to cleanse lower-income people, many of whom work, from large parts of London. That is the core purpose of the policy; it has no other purpose. Those households will have to live somewhere—unless they do not have somewhere to live. In 1997, one of my first cases as an MP was helping a family whose children were living in a bus. I predict that one consequence of this policy will be that families will sleep in their cars, on waste ground or on the streets. We probably will have disorder; there will be catastrophic overcrowding and we will see people living in the streets. Of course, we will also see people shipped away to the north of England.

What is the sense in a policy in which, on the one hand, the Secretary of State for the Department of Work and Pensions says, "Let the workless come to London to find jobs," but on the other hand, the workless are driven out of London to where the housing is? Such a policy is intellectually incoherent and, above all, morally indefensible.

Mr Mike Hancock (in the Chair): If the last two speakers want to speak they will have to be generous to each other as we have less than 10 minutes.

12.4 pm

Mr Andy Slaughter (Hammersmith) (Lab): I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn), who has an outstanding record on this issue. As he says, "Here we go again." The fact that 11 Labour

[Mr Andy Slaughter]

Back Benchers are present shows the strength of feeling and the importance of this issue. The hon. Member for Cities of London and Westminster (Mr Field) also regularly attends debates on this subject, although I note that he and his new Liberal Democrat friends have not so far been in a position to defend the changes to housing benefit. We wait with interest to hear what the Minister says.

I sponsored a debate on the issue about two months ago in which I kept to my usual two themes: first, to urge the then Government to build more social housing in London, which they were beginning to do, and secondly to draw attention to the social cleansing that has been going on for some years in my borough of Hammersmith. I will not talk about that today, but it is a template for what could happen elsewhere. There are many clubs in the armoury, from demolition to sales or the refusal to build any new social housing, and in many ways that has set the agenda.

Even that picture, however, looks rosy compared with what we see now. Not only have there been changes in the Budget, which I will come to in a moment, but we have had clear statements of intention from the Minister responsible for housing. I referred to them earlier, although the hon. Member for Carshalton and Wallington (Tom Brake) declined to comment, as he declined to comment on anything else. I know that he is a decent individual, so perhaps it was from embarrassment at what his Government are doing.

When my hon. Friend the Member for Westminster North (Ms Buck) asked the housing Minister on 10 June whether he would confirm that

"new tenants—people in housing need coming off the housing waiting list, as he described—will enjoy the security enjoyed by existing tenants",

the reply was that Government policy

"may include looking at tenure for the future." —[*Official Report*, 10 June 2010; Vol. 511, c. 451.]

As we know from the figures given by my hon. Friend the Member for Islington North, there are about 45,000 new tenancies in London a year, which represents 6% or 7% of tenancies over the term of a Parliament. The policy could mean that a quarter of social tenancies in London disappear. It effectively means that social housing, whether assured or secure tenancies, will become a bin-end, a type of housing that is being phased out. As my hon. Friend the Member for Westminster North said—she has an exemplary record in raising these issues—the product of the past 20 or 30 years has been increasingly to use the private sector for housing.

Emily Thornberry: I wonder if my hon. Friend has had the same experience as me—I expect he has. A woman with three children came to see me in my surgery. They had nowhere to live, and I told her that there was no social housing and that she had to go into the private sector. She replied, "But it's so expensive, Emily, what can I do?" I said, "Don't worry. You can get housing benefit." She said, "What about when I go to work?", and I said, "Don't worry; you'll still get housing benefit to top up your salary when your children go to school." I now feel as if I have betrayed her by pushing her into the private sector when housing benefit is about to be taken away.

Mr Slaughter: I suspect that my hon. Friend is more compassionate than I am. Tenants come to me who have three or four kids and they are living in a one-bedroom flat. They say that the council is blackmailing them and telling them that they will never be rehoused unless they give up their secure tenancy and take an assured shorthold tenancy in the private sector with what are, as has been pointed out, inflated rents. I say, "Stick it out because once you're there, they can do whatever they like with you. At least you have a permanent tenancy at the moment." That is a hard thing to tell people who are living in extreme housing need.

The system of direct lettings gets people off the housing waiting list by placing them in highly insalubrious private accommodation, and getting them into undesirable relationships with the private landlords who are found in local authorities such as Hammersmith. Schemes to avoid homelessness by keeping people in private sector tenancies, the use of private sector letting—a relief after the old bed-and-breakfast system—and, as my hon. Friend has just said, the removal of rights to permanent housing, have forced people into insecure housing in the private sector and meant that a time bomb has built up.

The response of the Liberal Democrats and the Conservatives has been to reduce the sum of money available. Let us forget figures of £100,000; no one is in favour of that or of £2,000 a week. We are talking about £400 or £250 a week. I have been told that so far my borough has identified 750 families who will have to move, I think, out of the borough. There are very few suitable properties, although I think that yesterday we heard the Secretary of State for Work and Pensions say—I shall check *Hansard* for the exact quote—that he wanted people to find the right level of housing, the right level of housing for people who live in London. So people move outside the M25 or live in a slum. Many of my constituents already live in a slum, because of the pressure on housing in the private sector, and that will increase. To pillory people and to say that they are unemployed, feckless and so on is, as my right hon. Friend the Member for Tottenham (Mr Lammy) said, absolutely wrong.

Shelter has said:

"The vast majority of housing benefit claimants are... pensioners, those with disabilities, people caring for a relative or hardworking people on low incomes, and only 1 in 8 people who receive housing benefit is unemployed."

Those are the people the Conservative party and the Liberal party are seeking to victimise—they cannot escape that. I look forward to what the Minister will say, but he has a very difficult task today.

12.10 pm

Heidi Alexander (Lewisham East) (Lab): It is fair to say that housing is one of the biggest issues in my constituency, if not the biggest, and I am very pleased to be able to take part in the debate. Having a decent place to call home is something that many of us take for granted, but for thousands upon thousands of Londoners, the housing crisis in London can be described only as a living nightmare.

In my constituency, the biggest problem is that there simply are not enough reasonably priced homes to go around. In parts of Lewisham East, average house prices are 10 times average salaries. For many young

people and public sector workers, home ownership is a distant pipe dream. Even the council's housing list offers little hope. The list stands at 17,000 households but, in contrast, about 1,400 properties become available to rent each year, so for each family that moves into a suitable property, another nine will be disappointed. For larger families, the wait for a suitable property can seem to take for ever.

In some parts of the country, overcrowding could be sorted out by using homes better, such as by matching the size of a household more closely to the size of the property, but even if under-occupation was completely eradicated in London, we would still be left with a huge problem. Private sector cross-subsidy for new affordable housing has not delivered the number or type of the new homes that are so urgently needed.

This issue is not about giving people a cushy place to live, but about giving kids the chance to do well at school and giving mums and dads the type of home life that prevents them from going nuts and enables them to go out and get a decent job. I could not quite believe it when the Chancellor of the Exchequer suggested in last week's Budget that one of the ways he plans to limit spending on housing benefit is by restricting tenants' access to appropriately sized homes. Will the Minister recognise the devastating impact that overcrowding has on the lives of my constituents and will he assure me that the Chancellor's zeal for reducing spending on housing benefit will not result in even more misery than there is at present? I cannot help but think that the coalition's proposals to do away with housing targets and its weird obsession with so-called garden grabbing will just result in fewer homes being built in the capital. What assurance can the Minister give that that will not be the case?

The issue is not just building more homes, however, but investing in the homes that we do have. As the hon. Member for Carshalton and Wallington (Tom Brake) said, a number of arm's length management organisations in the capital are crying out for investment. In my local authority area, Lewisham Homes is being inspected to determine whether it has reached the required standard to unlock £154 million of capital funding over the next five years. Other round 6 ALMOs in Lambeth and Tower Hamlets will undergo similar inspections in due course. Given the Chancellor's remarks about the importance of capital expenditure in the next few years, will the Minister reassure me and residents of properties provided by Lewisham Homes that the Government will look favourably on the investment needs of homes in London, and will he honour the commitment made to Lewisham by the previous Government?

Will the Minister also commit to looking beyond the decent homes standard and finding a flexible way for tenants to have the ability to set local priorities for investment? I have lost count of the number of times that people have said to me, "I have a perfectly decent kitchen, thank you. What I want is a lift that works." The scale of the investment required in London's social housing must not be underestimated, and nor must the long-term implications of not investing.

Housing is an issue that does not get enough airtime. It is also something that the new coalition Government seem not to understand. Last week, various news outlets were reporting the impact that housing expenditure can have on the nation's public health, but for those of us who are familiar with the state of London's housing needs, that was not news. I sincerely hope that the new coalition Government will do all that they can to improve London's housing conditions and to ensure that the type of homes that Londoners need are built. I for one will do all that I can to make sure that they do.

Mr Mike Hancock (in the Chair): Thank you very much; good timing there. I call Ian Austin, and thank him for giving up some of his time to allow colleagues to speak.

12.14 pm

Ian Austin (Dudley North) (Lab): Not at all, Mr Hancock.

I congratulate my hon. Friend the Member for Islington North (Jeremy Corbyn) on securing this fascinating debate, which has been marked by passionate, knowledgeable and expert contributions from my right hon. Friend the Member for Tottenham (Mr Lammy) and my hon. Friend the Member for Westminster North (Ms Buck). We heard a brilliant speech by my hon. Friend the new Member for Lewisham East (Heidi Alexander), as well as expert contributions from other hon. Members.

I want to pick up on a point made by the hon. Member for Carshalton and Wallington (Tom Brake). Of course savings must be made. We understood that, which was why we set out plans to halve the deficit in four years. The question, however, is when we make the savings, how quickly we make them and whether we make them in areas of expenditure that drive growth and get the economy moving again. Labour Members believe that we need more investment in social rented housing, not less, and that was why housing in London was such a priority in the £1.5 billion housing pledge that we announced last year to get the economy moving.

Will the Minister tell us when we shall know what is happening to the homes that we planned to build in London before the election? The Treasury announcement on 24 May about spending cuts required the Homes and Communities Agency to make savings of £230 million as part of a wider package of savings in the Department for Communities and Local Government totalling £780 million for this financial year—a financial year in which, if we had been in power, cuts would not have been made. Will he tell us what proportion of the £100 million to be saved from the affordable housing programme will be taken from the HCA in London? Will he also tell us what proportion of those savings will be met by the cancellation of homes planned for London under the kick-start programme? In total, 17 schemes were planned for the capital, and this is a very important issue, not just for families stuck on waiting lists who are desperate to get a home of their own, but for developers and people working in the construction trade.

We had planned the biggest council house building programme in two decades, but the new Government's announcements have put at risk 194 of those homes on a dozen sites across London for which we had earmarked £15.5 million. Will the Minister tell us which of those developments will be going ahead? Given that the Mayor has gone back on his pledge to build 50,000 affordable homes for London over three years and that he is abolishing the policy that half of new homes should be affordable, given that Shelter's former chief executive, Adam Sampson, has said that the Mayor's policies

[Ian Austin]

"perpetuate the wealth and class divisions in the nation's capital", and given that London borough waiting lists have risen by 20,000 in the two years to April 2009, will the new Minister say what stance the Government will now be taking on the Mayor's London housing strategy?

Every home lost in the recession has been a tragedy for the family involved, but repossession levels have run at a fraction of those in previous recessions because we took action to help Londoners who were struggling to meet mortgage payments. We helped 25,000 families and provided £2.8 million for local authorities to establish loan funds. Will the Minister give an assurance that that area of expenditure will be saved from the cuts that the new Government make?

When we came to power in 1997, estimates suggested that almost 2,000 people were sleeping rough in London. By this year, we were within touching distance of ending rough sleeping once and for all. The only announcement that the new Government have made in this area has been an utterly trivial point about the way in which figures are counted, but today, however the calculation is done—whatever measure is used—it is clear that the number that we inherited has been cut dramatically. Most figures suggest that it has been cut by three quarters.

Mr Mark Field: It would be wrong not to give considerable credit for the improvements made in relation to rough sleeping since 1997. However—and this is not just the anecdotal evidence of a central London MP—things have been getting markedly worse in the past couple of years. I accept that there is a big duty on the present Government to ensure that we bring back some of the significant improvements made in the aftermath of 1997, but it would be wrong not to put on record the fact that there have been and there are increasing problems with rough sleeping. We need a new initiative to build on some of the successes, but things have been getting worse.

Ian Austin: What we need is a commitment by the new Government that they will continue the investment and initiatives that the previous Government were putting in place.

There are certainly major challenges ahead, not least in connection with rough sleeping among people who have come to Britain from eastern Europe. First, the Labour Government set out an ambitious plan to cut rough sleeping by two thirds, so I want to know whether the goals and targets that we established will survive the election of the new Government. Secondly, many vulnerable people with multiple needs are struggling to get the support and services that they need. Although Homeless Link requested that all party manifestos included a commitment to tackle multiple needs, the Labour party's was the only one to do so. What action do the new Government propose to take to help people with multiple needs?

Thirdly, we need to increase homeless people's access to the NHS, because homelessness is often about not only housing, but health. Fourthly, we need to renew our efforts to tackle rough sleeping by people with no recourse to public funds. We need to ensure that those with the right to work can do so and that those who cannot are able to return home. Finally, and most importantly, we need to increase homeless people's opportunities to get skills and work so that we change not only where they live, but their whole lives.

The Labour Government got Ministers in the Department for Work and Pensions, the Home Office and the Department of Health to work together more closely than ever to co-ordinate efforts right across the Government to tackle homelessness and end rough sleeping. Will the Minister tell us whether it will continue under the new Government and how his Department will develop it? Will there be ministerial leadership and cross-government co-operation so that we can end the scandal of rough sleeping for good?

Mr Mike Hancock (in the Chair): You do not have long, Mr Stunell, but here goes it.

12.21 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): Okay, I will do my best. Hon. Members will appreciate that it will be difficult to answer in detail the many points that have been raised.

I congratulate the hon. Member for Islington North (Jeremy Corbyn), who has been a tireless campaigner for improved housing in London. He does himself an injustice when he describes himself and other hon. Members present as the usual suspects. Housing need is a matter that people rightly feel real passion about, and hon. Members from all political parties have invested a lot of personal commitment in tackling it over the years. I do not, therefore, want to downplay or minimise the importance of the debate in any way, and I thank those Members who have contributed. I see from the record that many of them also made speeches on 2 March, and although their language was perhaps slightly less hostile, they were equally firm in challenging the then Government about Ministers' performance.

The hon. Member for Islington North rehearsed very well the issue of housing stress, which we see in London and in other inner cities, although it is particularly evident in London. I will not review the figures and statistics that he gave, but Members can perhaps take them as having been read and accepted by this Government. The hon. Gentleman and, indeed, all Members posed a number of difficult questions, and I do not deny that they are difficult. If they had been easy, I have a feeling that the Labour Government and the Labour Mayor would have solved them in the boom time, rather than leaving them for the coalition Government to try to solve in the bust time. However, we will do our best. Let me make it clear that increasing the supply of housing, including affordable housing, is a priority for the Government.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): Will the Minister give way?

Andrew Stunell: I will, but doing so obviously reduces the number of questions that I can answer.

Mr Raynsford: I am grateful to the Minister, and I recognise that his time is limited. Given the commitment that he has given to increase the supply of housing, including social housing, will he tell us what advice he has received about the impact that decisions taken by

the Government to date—notably, the freezing of the Homes and Communities Agency investment budget and changes to the planning system—will have on housing supply?

Andrew Stunell: Certainly, if I get to that part of my speech, I will answer the point. The right hon. Gentleman has a superb, lifelong record on this issue, and I welcome his contribution.

The fact is that there has been a significant gap between the supply of, and demand for, new homes for decades, and housing supply has failed to keep up with the growing population. Of course, that is particularly the case in London. The Government will create a framework of incentives for local authorities to deliver sustainable development, and that will commence at the earliest opportunity. Local communities will really benefit from delivering the housing that they want and need. Our incentive scheme is designed to encourage local authorities and communities to increase their aspirations for housing and economic growth and to take more control over the way in which the local community is developed.

In a short time, the Government have moved to free up the housing market, with the suspension of home information packs. We have also protected spending on social housing as well as we can, and that remains a Government commitment. That is why we are using £170 million from the £6 billion of savings to reinvest in social rented housing—I emphasise that it is social rented housing—which was, unfortunately, not properly funded under the outgoing Government. Although decisions about the allocation of that £170 million have still to be made, it seems likely that something in the order of 40% will be invested in social rented housing in London. That will require a partnership between councils, the Mayor of London and the Government.

Many such matters are now devolved to the Mayor of London, and some decisions about allocations are very much matters for him. Members will be well aware that his London plan is facing examination in public, and I have a feeling that those who are sitting around this table will want to make sure that their views are clearly expressed to the inspector during that examination. The Government intend to the give the Mayor responsibility for the Homes and Communities Agency in London to help provide the flexibility to meet the housing needs of local communities in the city.

Ms Buck: I am conscious of the time, but I want to raise an issue that many of us are concerned about. Can the hon. Gentleman give us an assurance that the Government do not intend to change the homelessness legislation to implement the housing benefit cuts?

Andrew Stunell: The hon. Lady is obviously some sort of psychic, because I was about to say that homelessness remains a significant problem in London. As has been said, three quarters of homeless households in temporary accommodation in the country are in the capital, and the Government are committed to addressing homelessness head-on. That is exactly why my right hon. Friend the Minister for Housing announced last week that the Prime Minister had agreed to a cross-departmental approach to tackle the problem of homelessness and rough sleeping. Many people around this table will know that my right hon. Friend has a strong personal commitment to tackling homelessness. The new ministerial taskforce met for the first time on 16 June, and its members will work together to determine how the policies for which they have responsibility can help to address the complex problems that cause people to lose their homes. *[Interruption.]*

Mr Mike Hancock (in the Chair): Order. It is clear that the Minister has declined to take any more interventions because of the shortness of time.

Andrew Stunell: Thank you, Mr Hancock. I am trying to give Members the information that they asked for, and I have two and a half minutes to do it in.

I was asked about bringing empty homes back into use. That is clearly one possible way of tackling the housing shortage in London, and I am leading active work in the Department to make progress on the issue.

My hon. Friend the Member for Carshalton and Wallington (Tom Brake) asked about progress on decent homes. The money for local authority social housing and decent home programmes for the current year has already been released and is not in doubt. Money for future years will be considered in the comprehensive spending review. I will write to him specifically about the Sutton arm's length management organisation, as I think that he asked me to.

I want to challenge some of the gospel of pure hypothesis, which I heard from two Opposition Members. Let me tell the hon. Member for Hampstead and Kilburn (Glenda Jackson), whom I admire a lot, that other parts of the country—some of us come from outside London—already have local caps, alongside local reference rents, on housing benefit. I can tell her—*[Interruption.]*

Mr Mike Hancock (in the Chair): Order. The Minister is trying to answer the points in the debate. I cannot hear him, so Members will not be able to hear them either.

Andrew Stunell: Several Members strongly made the point that they wanted their concerns about the detailed application of last week's announcements conveyed to the Department for Work and Pensions. I give an assurance that those concerns will be relayed, exactly as Members have asked.

To pick up the point made by my hon. Friend the Member for Cities of London and Westminster (Mr Field), let me say that the consultation should take full account of the views of London boroughs and London Members. I am quite willing and ready to give that assurance.

Low Educational Attainment

12.30 pm

Mr David Ward (Bradford East) (LD): I do not intend today to give the Minister a big work load today, but I want to lay down a marker. I thank Catch22, Save the Children, the Child Poverty Action Group and Michele Sutton, the principal at Bradford college, for contacting me and providing me with useful information, as well as useful questions that I shall no doubt put in written form later.

A few years ago, I was on the second largest council estate in Bradford in the youth centre, where I have been on the committee for probably nearly 30 years now. I came out of the door and a mobile library was outside. I decided to go and chat to the driver. A young woman got on the mobile library bus with a toddler. The buses are set up with a play area with Lego bricks and so on at one end. I remember clearly that the toddler got on and started to move towards the books, but the mother said, "You don't want those; they are only books." It is funny how things stick in one's mind, but that said so much about the possibilities and life chances that that child probably had.

The research on early years, and indeed pre-early years, is pretty compelling. I know that today I am speaking to people who know about the subject and are concerned about it, and I am not here to teach anyone to suck eggs, but I want to mention the "Meaningful Differences" research by Betty Hart and Todd Risley at the university of Kansas some years ago. It showed that parents from what they called the professional class had interactions—words that were spoken—with their children at a rate of, on average, 2,150 per hour. Among those from what they called working class backgrounds the rate was 1,250 per hour, and for those from what they called welfare families it was 620 words per hour. That is happening hour after hour, day in, day out. The cumulative effect of that in the first three years, if extrapolated, was a difference of 20 million words between the professional class and the welfare class, and that is before we consider the quality of the language, or the social interactions happening alongside language development.

Clearly, many of the measures that we have put in place start far too late in a child's life. We can start at any point, but, to take the example of universities, I am very aware of what happens there in the way of pastoral care and financial support for young people from deprived backgrounds. In addition, there is the Aimhigher campaign to encourage more people from disadvantaged backgrounds to go to university. Work is done in sixth forms to encourage applications, and in schools at key stages 3 and 4 to encourage staying on into the sixth form. In year 6 there is help with the difficult transition from primary to secondary school, and other work is done in schools and off site with those who struggle academically. Primary schools give additional support, including mentoring and one-to-one support. Nurture rooms have been created, and there has been a development of parental involvement and learning enrichment programmes in those environments. At the pre-school stage there is early years work, with Sure Start children's centres to provide help to children.

The sad fact, however, is how little of that works. Despite all the things I have mentioned, the gap between a child from a deprived background and one from a more affluent background increases as they go through the education system—the disadvantage widens. That is incredible but true. I have secured today's debate not because I have answers, but because it is clear from all the good work done by many organisations that none of us seems to have them.

Mr Mark Williams (Ceredigion) (LD): I congratulate my hon. Friend on raising this important issue. Perhaps I may add a slight complication into the mix regarding the problem that he has elegantly identified: an urban-rural divide. He was careful not to characterise the problem as an urban phenomenon, and I am sure that he will agree that there is also a challenge for rural areas, where often it is difficult to measure at the base the problems of social exclusion because of the dispersal of rural households and the frequent proximity of deprived families to apparent affluence. That has an effect on educational achievement and the capacity of authorities to deliver responsive measures to the children in question.

The problem is not just urban but rural, so there are particular challenges for hon. Members who represent rural areas. However, I appreciate that as the debate covers England, the Minister cannot respond specifically to my Cardiganshire concerns.

Mr Mike Hancock (in the Chair): Order. That intervention was very close to being a speech.

Mr Ward: Deprivation, of course, knows no geographic boundaries, and is everywhere we look. It needs to be dealt with wherever it is located.

A great deal is being done in many settings, but it is all really amelioration and compensation or, in more prosaic terms, catching up. We clearly need to focus more on the pre-school and pre-early years settings. As we know, many children are already at a disadvantage in the womb. This debate is intended to identify a problem of which many people are already aware, to show that I know a little about it and feel strongly about it, and most of all to send out a clear message that I am extremely keen to work with other organisations and politicians to address the problem.

12.38 pm

The Minister of State, Department for Education (Sarah Teather): I congratulate my hon. Friend the Member for Bradford East (Mr Ward) on securing the debate. This is my first outing in Westminster Hall as a Minister, and it is pleasing that the debate was initiated by a Liberal Democrat, with a response from a Liberal Democrat and a Liberal Democrat in the Chair. I know that the hon. Member for North West Durham (Pat Glass) wants to intervene later, but she will forgive me for momentarily making a smug Liberal Democrat point.

I thank my hon. Friend for securing the debate. He is an active campaigner on the issue, and he shares my passion for matters of social justice. I hope that his securing the debate so early is an indication of the issues that he will champion in the five years of the Parliament. He shares the ambition of the coalition Government and, indeed, that of hon. Members across

the House to secure better futures for children who live in poverty. What he said about the importance of early years education was music to my ears. I am grateful to him for making those points today.

My hon. Friend argued persuasively that deprivation and fairness really matter. They matter to individuals and communities, and they matter to the success of our country. Sadly, as he said, where children live and the families who they live with are still uniquely strong predictors of how their lives will turn out. For example, statistics show that a baby born in Harlesden in my constituency of Brent Central is likely to die more than 10 years before a child born in neighbouring Kensington, which is but a short drive away. That is unacceptable. It is an outrage that those statistics should still be so relevant. That is what why I am so passionate about fighting on this matter.

Pat Glass (North West Durham) (Lab): I thank the Minister for giving way. In the past 10 or 15 years, organisations and national strategies have resulted in our becoming the most data-rich nation in Europe and possibly the world. Those data tell us that the attainment of our highest-achieving pupils is as good as, if not better than, that of those in Europe or the USA; we are pipped only by a specific group of countries. However, the attainment of our lowest-achieving pupils is almost an international disgrace. Over the past three or four years, Government policy has shifted towards narrowing the gap between the highest and lowest attaining pupils—between pupils living in poverty and the rest, looked-after children and their peers, and pupils with special educational needs and others.

People who, like me, have spent 25 years working at all levels with the worst-attaining pupils, disadvantaged children and children living in poverty were mentally running around the country punching the air because such children were suddenly at the forefront of Government policy. I seek a reassurance from the Minister that the spotlight of the inspection framework and considering not only raw attainment—

Mr Mike Hancock (in the Chair): Order. We will have to shorten that intervention a bit. It is more like a speech.

Pat Glass: Perhaps that is because I am a new Member. I want to know that considering such things as levels of progress will not change.

Sarah Teather: I understand the point that the hon. Lady was trying to make, even if it was cut short. I reassure her that I am absolutely committed to gap-narrowing. For me, that is the point of early years education and early years provision. We may disagree about some of the ways to measure whether the gap has narrowed. We may debate the matter in more detail over the next few years, but I suspect that we share the same commitment to ensuring that the investment in early years provision narrows the gap—the point made by my hon. Friend the Member for Bradford East. I shall say a little more about that later.

My hon. Friend the Member for Ceredigion (Mr Williams) makes a good point. I represent an inner-city seat, and I see the consequences of poverty writ large in my advice surgeries and in my constituency office every day. However, the problem is not confined to the cities; it is very evident also in rural areas. What he said about the dispersal of families, which makes it more challenging for local authorities and other service providers to tackle the problem, was a point well made, and I am well aware of the issue. The policies that the coalition Government have put in place will include specific mechanisms to deal with child poverty.

The uncomfortable truth is that the link between deprivation and low attainment exists across the country—not only in my constituency but everywhere. My hon. Friend the Member for Bradford East gave some statistics, but those given to me by my officials are even more stark. They suggest that children from poorer backgrounds have a smaller vocabulary at the age of three than their peers and that, by the age of four, they have heard 30 million fewer words. Whether the figure is 20 million or 30 million, the statistics are stark. Again, that is a challenge for early years provision. Low-ability children from rich families overtake high-ability children from poorer families at primary school. As my hon. Friend pointed out, the gap widens as the children grow older; children eligible for free school meals are half as likely to achieve five or more GCSEs at grade A to C, including English and maths, as those from wealthier backgrounds.

I welcome the opportunity to debate the subject and to consider some of the reforms needed to break the link between deprivation and low attainment. It goes to the heart of the coalition's plans to build a fairer, more responsible and freer society that we should have policies to tackle the problem on all fronts. That could be done through better-focused early years provision, which I mentioned a moment ago, or through giving families more practical support or ensuring that children from poorer backgrounds get the same chance at school as their peers.

The question, therefore, is whether we consider deprivation to be an automatic barrier to success, or whether good teaching, good early years provision and good government can all play a part in helping to reduce inequality and unfairness. I passionately believe that that is a role for the Government, and we believe that those factors can bring that about. That is why we have already set about tackling deprivation, not only as an end in itself; we are also tackling the systemic weaknesses that highlight and deepen those divisions as children go through life.

For example, we are committed to hitting the 2020 child poverty target already laid out in legislation. We also plan a review of poverty and life chances, which will be chaired by Frank Field. We have set out a school reform programme. Most critically, we have announced the pupil premium. Finally, of course, we have decided to recruit more health visitors for Sure Start children's centres to help the most disadvantaged families.

Mr Mark Williams: I applaud that list of measures. I was in the teaching profession in a previous life. What greatly impressed me was the need in areas of deprivation for real measures to encourage parental participation in the education system. I was involved in a pilot scheme to improve numeracy among parents. We need to get that partnership right. I hope that the measures that the Minister listed will include a strong role for parents. The old adage was that teachers have children for six hours a day but that they are at home for the remaining 18. It is most important that we get official recognition of that and encourage parents as well as the children.

Sarah Teather: My hon. Friend makes an excellent point. The Secretary of State for Education will consider that as part of schools' wider role, but it is not only for schools. Sure Start centres also have a role in encouraging parents to be involved with their children. There are also the informal and more formal literacy schemes that have been mentioned.

The list that I gave is a broad package of reform designed to break the link between deprivation and low attainment on all fronts. The danger is that we could be fatalistic about it, but I agree with my hon. Friend the Member for Bradford East that the first few months and years of a child's life are critical. However, we must remember that deprivation is not all that matters. We can improve the lives of children and young people at every point in their development. For me, it goes to the heart of our liberal philosophy that we must always give people second chances—there must be no closed doors—throughout the education system.

My hon. Friend raised various issues when opening the debate. In particular, I wish to speak about the Government's strategy on child poverty. Reducing poverty must be a fundamental part of our strategy to increase social mobility. The coalition Government are clear about the need to create that fairer society. To that end, I am delighted that we have committed ourselves to eradicating child poverty by 2020. I look forward for working with Ministers across the Government on how to achieve that goal. My hon. Friend will be aware that Liberal Democrat plans for a pupil premium have been adopted by the coalition. It is a critical element of our reform plans. I believe that schools have a pivotal role in breaking the link between deprivation and low attainment.

My hon. Friend will know that we are keen to ensure that Sure Start children centres focus more on working with families from deprived backgrounds—those from the neediest families. Children's centres have much to offer all families from all backgrounds, but we must ensure that they are better at reaching out to those families who are most in need. For example, more than 95% of families currently take up their free entitlement offer for child care, but a disproportionate number of more disadvantaged families still do not. Sure Start has an important role to play in encouraging families to take up that offer and in promoting fairness. To a certain extent, that is already happening in many of the good Sure Start centres. We have some tremendously talented, dedicated early years professionals, both in the work force and in outreach teams, who are committed to reducing social injustice, and we have many good examples to show how we can achieve that. However, the Government can do much more to ensure that best practice is spread across the country.

Health visitors have a crucial role to play in reaching out to vulnerable families. They are there from pregnancy right through to the first few years of a child's life, so, as my hon. Friend said, they cover the earliest days of a child's life. That is why we are committed to increase dramatically the number of Sure Start health visitors and to ensure that more vulnerable families access such services. As a Government, it is our responsibility to help every child, whatever their background or circumstances, to achieve their full potential. If we trust professionals to do their jobs and free them from the top-down bureaucracy of recent years, we can achieve that. Most importantly, we believe that the coalition should take action to support the disadvantaged and that such support—whether through free child care, the pupil premium or early intervention—is crucial to unlocking social mobility and overcoming low attainment.

Strong learning and development in the early years can have a huge impact on reducing the causal link between deprivation and low attainment. It lays the foundation for achievement at and after school, with 94% of children who achieve a good level of development at age five going on to achieve the expected levels for reading at key stage 1. Those children are then five times more likely to achieve the highest level.

The most recent evidence from neuroscience also highlights the importance of the first three years of a child's life. At birth, a baby's brain is only 25% formed, developing to 80% by the age three, with most growth taking place in the first year of life. A strong start in the early years has been found to increase the probability of positive outcomes across the child's life; a weak foundation has been found to significantly increase the risk of later difficulties. In short, the first 36 months of a child's life are as important, if not more so, than the next 36 years, so good, properly targeted early years provision can do a huge amount to mitigate the impacts of deprivation.

It is also worth mentioning that we are looking at the wider impact of deprivation and not just at the income measures themselves. Frank Field has been tasked by the Prime Minister to lead a review of poverty. We also have a new ministerial taskforce on childhood and families, which is being chaired by the Prime Minister and includes the Deputy Prime Minister. Its role will be to tackle what the Deputy Prime Minister has described as

"the everyday bottlenecks that frustrate family life".

There will be further announcements on the programme of the new ministerial taskforce and how it will operate. It will certainly consider some broad areas that are very relevant to a child's life chances: parental leave and flexible working; how we can protect children in the event of family breakdown; increasing access to safe and secure play space; and helping children to avoid pressures that force them to grow up too quickly. We expect that work to conclude in the autumn and follow a timetable similar to that of the spending review. I certainly expect it to address some of the points about poverty and attainment that my hon. Friend raised at the start of his remarks.

I should like to return to the role of schools. My hon. Friend spoke specifically about early years, rather than schools. He argued very passionately that it is early years intervention that makes such a difference. However, that is not enough; we have to ensure that we give children, at whatever stage, the best possible chance to succeed. Schools are part of that critical mix in breaking the link between poverty and low attainment.

The ethical imperative of our education policy is quite simple: we have to make opportunity more equal. We must overcome deep, historically entrenched factors that keep so many people in poverty and that deprive so many people of the chance to shape their own destiny. By 18, the gap is vast. In the most recent year for which we have data, out of 80,000 young people eligible for free school meals, just 45 made it to Oxbridge. As a nation, we are clearly still wasting talent on a scandalous scale, and that is why I am so glad that at the heart of

our coalition's programme for government is a commitment to spending more on the education of the poorest. That specifically picks up on one of the points that my hon. Friend the Member for Ceredigion raised about the difficulties that rural communities face. A rural area may not be classed as deprived, so families from the poorest backgrounds do not get the extra help that they need. One of the advantages of the pupil premium policy is that the money follows the child, so the child's school will get money to ensure that extra help is focused on raising attainment at every level.

Mr Ward: I thank the hon. Member for North West Durham (Pat Glass) for her interventions. I have already googled you and seen that you have made solid contributions to the subject over many years. Indeed, you have contributed to education, which I was not aware of before. I am not criticising anybody in this debate, because I am aware of the tremendous efforts that are being made by professionals and volunteers to raise the life chances of young people. As the chair of governors of a school in a deprived community, I am really frustrated by the fact that although we have an extremely impressive value added score—our achievement is high—our attainment is very low because of the level at which the children come into the school. However much we do, and we try to do more and more, we continually face the problem of children coming into the school with low attainment.

Mr Mike Hancock (in the Chair): Order. That was very close to another speech. Let me remind Members that when addressing other colleagues in the Chamber, we do not use the word "you"; we use their constituency title. I am not being pernickety; that is the custom of the House. Moreover, when a Member refers to someone who is still a Member, they should do so not by their name, but by their constituency.

Sarah Teather: Thank you, Mr Hancock. You are absolutely correct, and I am sorry for forgetting to refer to the right hon. Member for Birkenhead (Mr Field) by his constituency title.

I understand my hon. Friend's point, but it is the Government's responsibility to narrow the gap. We must focus our efforts on that to ensure that young people from a poorer background have a better chance of fulfilling their potential as they come into school. That is the point, I think, that the hon. Member for North West Durham was making in her intervention a few minutes ago. However, it is not adequate to say that because a child comes from a poorer background and has had a difficult start in life, a school should not put in that extra effort. That is the point about pupil premium and about ensuring that schools are clear about raising aspiration. That is why my right hon. Friend the Secretary of State is clear about why he wants to give schools more autonomy. He wants them to have more flexibility on the curriculum, so that they can focus on the particular needs of children. We must ensure that we have high-quality teachers, and that teachers are absolutely clear that we have high aspirations for all children going through school regardless of their background. I hope that my hon. Friend the Member for Bradford East will be reassured by the Secretary of State's proposals for the next six months, as we look towards a second Bill later in the year.

In conclusion, a mix of reform is needed to break the link between deprivation and low attainment. The reforms that we have instituted go far deeper than ever before and are uniquely ambitious. There is no point being in politics, fighting elections or seeking office unless one is ambitious to make a difference. It is only through a new approach to breaking the link between deprivation and low attainment that we can build a fairer society and ensure that all children have the opportunities and capabilities to flourish.

North Wales Economy

1 pm

Chris Ruane (Vale of Clwyd) (Lab): This afternoon, I hope to illustrate the progress that has been made under 13 years of a Labour Government in the economy of north Wales, how fragile that economy is, and how threatened it is by current proposals and possible future proposals from the Con-Dem coalition. I hope to look at the reasons for the success of our local economy and examine the threats from the coalition. I will be seeking specific assurances from the Minister on a number of specific points of the current Con-Dem policy.

The history of north Wales shows that in the last 40 or 50 years we have relied on tourism, heavy industry and agriculture, all three of which have taken a pounding. At Courtaulds in Flint, in the constituency of my right hon. Friend the Member for Delyn (Mr Hanson), there were 3,000 job losses and at Shotton in the constituency of my hon. Friend the Member for Alyn and Deeside (Mark Tami), there were 7,000 job losses in 1981 under the Conservative Government. That Conservative Government decimated—dare I say annihilated?—heavy industry in north Wales. Shotton steelworks had the biggest industrial lay-off in a single day: 7,000 workers were laid off in one day. That was the Tory legacy.

Labour believes in timely and positive Government intervention in key industries. When we look at the success of north-east Wales, we see that the last Labour Government gave launch aid back in 1998 to Airbus—£500 million of launch aid. From the ashes of Shotton steelworks rose the Airbus factory, the most expansive factory in western Europe, which has 7,000 workers and 700 apprentices.

Mr David Hanson (Delyn) (Lab): Does my hon. Friend agree that one of the key issues that we must address is ensuring that future work comes to the Airbus factory and that one of the key elements in that regard was the signing by my right hon. Friend the Member for Coventry North East (Mr Ainsworth), when he was Secretary of State for Defence, of the contract for 22 aeroplanes under the A400M project, which the current Government have not yet confirmed? Will my hon. Friend seek today an assurance from the current Government that they will confirm that order for 22 planes?

Chris Ruane: I back my right hon. Friend on that issue. I give credit to the Government—I do not want to be too negative, lest anyone think that I am—for the decision that has been made about the AirTanker. People in north Wales are grateful for that decision. However, the A400M project needs to be looked at very carefully for the good of Britain's defence and of workers in north Wales.

The Con-Dem Government have said that they do not believe in big Government intervention in industry, as they have shown by withdrawing the loan to Sheffield Forgemasters steelworks. We do not want that situation repeated in Wales.

Albert Owen (Ynys Môn) (Lab): The decision on Sheffield Forgemasters may have an impact on nuclear development and indeed on wind development in north Wales, because the casting for those projects would be done in the UK. It is essential for the supply chain of the whole of the United Kingdom, and in particular of north Wales, that those projects go ahead.

Mr Mike Hancock (in the Chair): Order. That intervention is stretching a debate on Wales quite considerably.

Chris Ruane: Nevertheless, I back my hon. Friend on that issue. The vision of an "energy island"—the term he created—that he wants for his constituency depends on Sheffield Forgemasters making those critical engineering components for the nuclear plant.

Under Labour, we have seen a massive investment in higher and further education. North Wales has a new university in Wrexham, Glyndwr university, which is acquiring top-class research facilities, such as the OpTIC—Opto-electronics Technology and Incubation Centre—research facility in my constituency. It is forging links with the private sector; it is doing everything that a 21st century university should do.

It is not only the HE sector that is important; FE in north Wales has made great gains. In my constituency, we have colleges in Denbigh and Rhyl and for the first time in their history there are colleges in Abergele and Llanrwst. They are community colleges, rooted in their local communities and responding to the needs of those communities for skills. Those colleges are delivering. Rhyl college is an award-winning institution. Llandrillo college has 25,000 students and is one of the best run colleges in the whole country.

However, the first act of the Con-Dem Government when they came in was to reduce the number of university places by 10,000, with more reductions likely in the autumn. How will the FE and HE sectors in north Wales, indeed in the whole of the UK, cope with cuts in funding of between 25% and 30%? How will we maintain the momentum in north Wales that I have described if those cuts are made? Will the Minister guarantee that the Government will make an analysis of the economic impact on local and national economies of those cuts before they are made? A cut of £1 in the FE or HE sectors may seem sensible, but it could lead to further cuts of £2, £3 or £4 if it means a reduction in training and research.

North Wales has a big agricultural industry. The Tories have promised an attack on red tape and bureaucracy. Before they make that attack, may I ask them to learn the lessons of history for the agricultural sector—the lessons of their last period in government? During that period, there was Alar in the apple industry, anthrax in the pig industry, botulism in the food processing industry, listeria in the dairy industry, salmonella in the poultry industry and E. coli in the meat industry, and who can forget that there was BSE in the beef industry? Many of those diseases came about because of a reduction in food and safety standards in specific industries. Will the Minister guarantee that there will be no assault on standards in the agricultural and food processing industries, which would damage the economy of north Wales?

I turn now to an issue that I hope is dear to the Minister's heart—seaside towns. The second and third biggest towns in north Wales are Rhyl and Colwyn Bay, traditional seaside towns that have suffered the same plight as many British seaside towns during a long, 40-year, period. The cause of the poverty in towns such as Rhyl and Colwyn Bay is the conversion of hundreds

of former hotels and guest houses into houses in multiple occupation. Slum landlords have become millionaires by making money out of misery. The Tories refused to introduce mandatory licensing of those premises. Labour introduced it in 2004 and north Wales councils are only now fully implementing it. I believe that the Con-Dems are reviewing the HMO licensing scheme. Will the Minister guarantee that HMO licensing legislation will not be watered down?

Colwyn Bay and Rhyl, along with Prestatyn and other north Wales coastal towns, have benefited from co-operation between the national central Government and the Labour-led Welsh Assembly Government. In the whole UK, the WAG are leading the way on seaside regeneration by adopting a strategic and thematic approach, not in just one seaside town but in five or six seaside towns along the north Wales coast, stretching from Prestatyn to Colwyn Bay. Welsh colleges, the local authorities, the Department for Work and Pensions, voluntary organisations, the private sector and the public sector are all playing their part in that regeneration. Will the Minister guarantee that he will positively engage with the WAG on seaside town and town centre regeneration?

It is not only seaside towns that need regenerating. When the Labour Government came to power in 1997, they told the national lottery to stop giving money to the Churchill family—£12 million for the Churchill diaries—and to the playing fields of Eton, which had received £5 million. They told the national lottery to vire such heritage money to towns that had architectural merit and deprivation, so towns in north Wales, such as Holywell, Rhyl, Denbigh, Llanrwst and, I think, Holyhead, have benefited because of those instructions.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): And Dolgellau.

Chris Ruane: Dolgellau is another one; I thank the hon. Gentleman for that intervention.

So we have done well. In my constituency, Denbigh received £10 million of funding from the Heritage Lottery Fund under Labour. Will the Minister guarantee that limited lottery funding will be vired towards the areas with most need?

The key to the success of seaside towns and other towns is the back to work initiative, including programmes such as the city strategy, the future jobs fund and fit for work. We have only two city strategies in Wales. One is for Rhyl—Gareth Matthews from what was then Working Links and I got it for the town in 2007—and the other is for the heads of the valleys area. I think the town of Rhyl has the best practice in the whole UK. Rhyl is leading the way. Its town-based, small area, co-operative, collegiate approach across the private, public and voluntary sectors resulted in an almost 20% drop in the number of people claiming jobseeker's allowance in the Vale of Clwyd between January and May 2010. The number fell from 2,242 to 1,836. That is 406 people back to work in my constituency in the past five months, the best result in north Wales.

The future jobs fund played an important part in those results. The Rhyl city strategy hopes to put 340 young people back in work by September this year; 190 are already back in work. The strategy has achieved 100% of its targets to date. Young people have been given a wage, training and a reason to get up in the morning. Their confidence has been restored, their CVs enhanced and their job prospects maximised, but all that is under threat. One of the first acts of the Con-Dem coalition was to axe the future jobs fund.

Mr Llwyd: I congratulate the hon. Gentleman on securing this important debate. I appreciate fully what he is saying about the back to work initiative. Is it not strange that the Government want to cut back on social welfare payments and, at the same time, on back to work initiatives? Where are we going in terms of social justice?

Chris Ruane: It is déjà vu all over again. It is back to the future—back to the 1980s, when whole communities were parked by the Conservative Government, who said, "Stay on the dole. Bring your kids up on the dole, and your grandkids as well." We are only just beginning to unwind 18 years of misrule under the last Tory Government.

We have the facts and figures to prove that the policies we have pursued are working in north Wales. More than 2,000 people went back to work between January and May this year. Our policies are working. We want a continuation of the future jobs fund. The cuts were implemented without even an assessment of whether the programme was successful. Will the Minister guarantee that he will monitor youth employment in north Wales over the next 18 months and that if it starts to rise, he will press for the reintroduction of the future jobs fund? What assessment has he personally made of the effectiveness of the future jobs fund, which has put young people in his constituency back to work?

The previous Tory Administration were riven with factionalism over Europe. We all know what the Tory Prime Minister, John Major, called certain troublesome MPs, so I will not repeat it. Was internal conflict in the Tory party the reason why the Tories failed to engage positively with Europe during the 1980s and 1990s? When they were closing the pits and the steelworks and letting seaside towns rot, they did not even bid for objective 1 funding for Wales. In 1997, when the Labour Government came in, they applied for objective 1 funding, provided match funding and implemented the scheme. I pay tribute to my right hon. Friend the Member for Neath (Mr Hain). At the behest of the hon. Member for Dwyfor Meirionnydd (Mr Llwyd), Betty Williams, Gareth Thomas and me, he included Denbighshire and Conwy in the scheme. As a result of that brave decision, which was taken against civil servants' advice, Denbighshire county council received £124 million in public and private objective 1 funding over a seven-year period. I presume that Conwy received the same.

We have made being in Europe a success for Wales. Labour provided the match funding. Will the Minister assure me and the people of north Wales that during the Con-Dem cutbacks, match funding and convergence funding—the follow-on funding for objective 1—will not be cut back and will be included in the Welsh block? It makes economic sense. For every £1 given by the UK Government, we can draw down £2 or £3 from Europe. North Wales cannot afford cutbacks on that scale.

Will the Minister inform the House why the Tories did not bid for objective 1 funding for parts of Wales earlier, when they closed Shotton steelworks and the

[Chris Ruane]

pits? Ireland did so and turned its economy into the Celtic tiger. Could Wales have done so in the early '90s? Will he guarantee that blind prejudice towards Europe will not interfere with negotiations on the next phase of EU funding—tail-off funding, which should come at the end of convergence funding?

Energy, particularly renewable energy, has been a success for Labour in north Wales. Sharp has located its biggest solar panel factory in Europe in Wrexham. The biggest solar panel in the UK is at the Technium OpTIC in my constituency. The Technium OpTIC has just pioneered photovoltaic paint and is working on fission power. We will have the largest array of offshore wind turbines in the world when the Gwynt y Môr wind farm is completed, despite the fact that the leader of the Conservative party has referred to north Wales turbines as "giant bird blenders". Will the Minister guarantee to give up his personal opposition to the Gwynt y Môr wind farm and promote wind energy in Wales?

Non-renewable as well as renewable energy companies operate in Wales, including BHP Billiton, which is based in Northop, in the constituency of my right hon. Friend the Member for Delyn. We also have E.ON, which has a gas-powered power station in Connah's Quay. North Wales has so much energy that we shall be exporting it.

Susan Elan Jones (Clwyd South) (Lab): My hon. Friend mentioned that the previous Conservative Government did not claim objective 1 funding. Does he not find it surprising that a former Conservative Secretary of State for Wales, the right hon. Member for Wokingham (Mr Redwood), returned to Whitehall money that was due to the people of Wales? Many businesses in north Wales, especially in our villages and small towns, are small businesses. Does my hon. Friend agree that the Government's changes to VAT will have a devastating effect on such businesses?

Chris Ruane: I concur on both points. The right hon. Member for Wokingham returned £120 million to Whitehall while Welsh schools were closing and services were being cut, and the impact of the VAT rise on spending power in the high street will have a devastating effect.

North Wales will be exporting power through the Irish interconnector, from Connah's Quay power station through Prestatyn in my constituency and over to Ireland. The project is being paid for by Eirgrid.

I highlight the good work of my hon. Friend the Member for Ynys Môn (Albert Owen), who coined the phrase "energy island". It is not just a phrase; it could become a reality, if the Con-Dem Government do not renege on Labour's decision to let the replacement of Wylfa proceed. Will the Minister guarantee that his party and his Government will not do a U-turn on the new nuclear plant for Anglesey?

Albert Owen: I am grateful to my hon. Friend for mentioning the energy island concept. North Wales can be a centre of excellence for both aviation and low-carbon energy for the future, building a skills base of transferable, high-level skills, which is what the Government aim to do. With respect to the Minister—I know that he has been supportive of nuclear power in north-west Wales, and I hope that will continue—a centre of excellence for highly skilled jobs is what we are all aiming for.

Chris Ruane *rose—*

Mr Mike Hancock (in the Chair): Order. Mr Ruane, I point out that a number of issues have been raised. If you are to give the Minister sufficient time to answer them, you will have to start looking at the clock.

Chris Ruane: Thank you, Mr Hancock. In conclusion, north Wales has an excellent story to tell. The fastest growing local economy in the country is the Deeside hub between Deeside, Wrexham and Chester. We have some of the biggest increases in employment; five of the top six constituencies in Wales for increasing employment are in north Wales. We have a proud tale to tell. I do not want the progress that we have made in the past 13 years to be undone by a Con-Dem coalition demolition job on the Welsh economy.

1.19 pm

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): I congratulate the hon. Member for Vale of Clwyd (Chris Ruane) on securing the debate, which is, of course, dear to my heart because I am the Member of Parliament for the constituency immediately adjacent to his. There can be no doubt that the recession has hit north Wales as hard as many other parts of the country, if not harder. In fact, over recent months, there have been significant job losses right across the region—134 jobs lost at David McLean, more than 50 jobs lost at JCB, 130 jobs lost at PT Construction on Deeside and, most significantly, major job losses at Air Products in Wrexham, Anglesey Aluminium and the Indesit factory in the hon. Gentleman's constituency. The Indesit factory was, in fact, a major employer for my constituency, where more than 300 jobs were lost.

Although the hon. Gentleman paints a rosy picture of employment and industry in north Wales under the Labour Government, it is not quite so rosy. Indeed, without wanting to put too fine a point on it, over the past 10 years, the claimant count in his constituency has increased by 40%, long-term unemployment has increased by 16%, the youth claimant count has increased by 63% and long-term youth unemployment has increased by 71%. Although one does not want simply to trade statistics, as I say, the rosy picture that he painted in his opening remarks is, unfortunately, not borne out by recent developments in north Wales.

Chris Ruane: Will the hon. Gentleman give way?

Mr Jones: Given that the hon. Gentleman has already taken 19 minutes for his opening comments, I feel that I have to make some progress. He mentioned a number of important points that will be of concern to all hon. Members who represent constituencies in north Wales and, because he raised those specific points, I would like to comment on as many of them as I can in the time remaining.

The hon. Gentleman mentioned the A400M project, which is of significant importance to north Wales. Indeed, the Airbus factory should be regarded as the jewel in the crown of industry in not only north Wales,

but the whole of the United Kingdom, because it provides high-quality, high-tech jobs that must be the way for the future. The A400M is, of course, actually developed in Filton, as the hon. Gentleman will know. However, the wing technology that is being developed at Filton is shared at Broughton. The Wales Office is certainly very supportive of the A400M project, but having said that, as the hon. Gentleman knows, a strategic defence review is under way and, of course, all announcements must wait on its outcome. I gently inform him that the Labour Government did not progress the A400M project or commit themselves to it.

Mr Hanson: My right hon. Friend the Member for Coventry North East (Mr Ainsworth) signed a contract for 22 planes before the election. That is part of the ongoing review.

Mr Jones: Yes, but as the right hon. Gentleman knows, a number of projects were signed up to—including the Sheffield Forgemasters project—very late in the day during the election period for a reason that is patently obvious to even the most charitable observer.

The hon. Member for Vale of Clwyd mentioned Glyndwr university and Technium OpTIC. I endorse his commendation for OpTIC. In fact, the first official visit that my right hon. Friend the Secretary of State and I paid to north Wales after our respective appointments was to Technium OpTIC. I particularly commend Professor Mike Scott, the vice-chancellor of Glyndwr, for forging ahead with OpTIC and, as the hon. Gentleman has pointed out, ensuring that the university forges strong links with the private sector. Such an approach is certainly the way forward.

We also heard about Landrillo college. Again, I can do nothing but commend Landrillo, which is, in fact, headquartered in my constituency. I pay tribute to Huw Evans, the principal of Landrillo college, for forging links with the private sector.

The hon. Gentleman mentioned agriculture. I think it is fair to say that over the years, the Conservative party has shown nothing but support for the agricultural sector and it will continue to do so.

The hon. Gentleman also mentioned seaside towns—an issue of personal interest to me. Colwyn Bay is an important town that has declined over recent years. It is, in fact, currently in receipt of strategic regional assistance moneys from Europe via the Welsh Assembly Government. I echo what he said about houses in multiple occupation, which have been a scourge of seaside towns—Rhyl in his constituency and Colwyn Bay in mine alone. However, I must gently criticise the Welsh Assembly Government's policy of attracting people into north Wales who have no connection with the area because doing so has ensured that incomers can leapfrog indigenous north Waleseans. That has caused a great deal of concern to councillors in my constituency and, I am sure, in the constituency of the hon. Member for Dwyfor Meirionnydd (Mr Llwyd).

The hon. Member for Vale of Clwyd mentioned the Heritage Lottery Fund. I remind him that the lottery was a Conservative innovation. He has already mentioned John Major. If I remember rightly, the lottery was John Major's pet project. I am glad to say that the coalition Government intend to review the operation of the lottery to ensure that it reverts to its original aims of supporting good causes. We want to ensure that it is not rifled by Government as a support to taxation.

The hon. Gentleman mentioned the Rhyl city strategy and the future jobs fund, which he regards as important. We have to make a decision in this country: whether we create real jobs, with some prospects of creating real wealth, or whether we subsidise jobs that are guaranteed only for six months. Doing the latter does not create real wealth and runs the risk of returning the young people on those programmes to the dole. The focus of the Government should be on creating real wealth. That is the nub of the difference between the Labour Government and the coalition Government. The previous Government were happy to fritter away this country's resources through borrowing to mortgage our children's and our grandchildren's future, without tackling the root causes of the problem that the economy faces, which is essentially the enormous deficit that this country is running. The enormous structural deficit and debt run the risk of strangling each and every one of those young people before they get a job at all.

This Government intend to focus on reducing the deficit, on restoring real jobs to the economy, and on ensuring as far as possible that those who are able to work can do so. That is why I commend the work programme that was announced today by the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), which was criticised by the hon. Gentleman. This Government are not afraid to face the real decisions that we need to take to put the country back on the right track. We may receive criticism from the hon. Gentleman, but we have received the support of the OECD, the G8, the Governor of the Bank of England and any number of chief executives he may care to mention. The future of this country is real, genuine, honest employment.

Albert Owen: Will the Minister give way?

Mr Jones: No, I will not take the hon. Gentleman's intervention, but—

Albert Owen: Why not?

Mr Jones: If the hon. Gentleman would like to listen, he might actually be pleased with what I am about to say. I commend him for his advancement of the energy island concept. He understands that only real jobs will rescue Anglesey, and I commend him for it. I repeat my previous support for Wylfa nuclear power station. I hope that it gets built, and but for the fact that the Labour Government effectively had no energy policy for 10 years, Wylfa would now be well on the way to being built. We have had 13 wasted years of Labour, during which time we ate the seed corn for future generations. It is time to get Britain back to work; it is time to get Britain moving again. I believe that the coalition Government will do just that.

Western Balkans

1.30 pm

Sir John Stanley (Tonbridge and Malling) (Con): I spent most of last week in Kosovo and in Bosnia and Herzegovina as a member of the Defence and Security Committee of the NATO Parliamentary Assembly, alongside members of the Assembly's Committee on the Civil Dimension of Security. I am pleased that, through whatever mysterious processes apply in this place, I have been given an early opportunity to share my thoughts and concerns with hon. Members.

There is perhaps a widespread temptation to believe that just because no significant violence is taking place in the western Balkans, the problems in the region have been solved, but that would be a serious illusion, particularly in relation to Kosovo and to Bosnia and Herzegovina, on which I will focus my remarks. With regard to the most difficult problems in those two countries, I say straight away to the Minister that the hardest nuts definitely still have to be cracked.

I will start with Kosovo. I want to refer to one or two security matters and then move on to the main unresolved political problems facing that country. As we know, the entire justification for NATO's original involvement was, of course, based on security. We remember vividly the appalling violence that took place, which was mainly committed by Kosovo Serbs, and the spectacle of hundreds of thousands of Kosovo Albanians trapped in the mud on the Macedonian border. Since the conflict was finally brought to a close, NATO's role there has been based on the security contribution that it can make. There are three questions that I want to ask the Minster against that background. They all relate to my basic proposition that having expended so much effort, time and money, and the lives of NATO service personnel, it would be a serious dereliction of duty if we underestimated or wound down prematurely our security presence through KFOR—the Kosovo peace implementation force—in Kosovo.

The plan is to reduce the KFOR presence from the present 9,500 service personnel to 2,000, or perhaps fewer, so my first question is this: will that be too severe a reduction in too short a time scale? We have reinforcements in the shape of three over-the-horizon battalions, but those are available on seven to 14 days' notice, so my second question is this: is that period appropriate to ensure that if the worst starts to happen in Kosovo, reinforcements will arrive in time? My third question relates to information that I obtained in what was, I stress, an unclassified briefing. KFOR has been denied a particular intelligence capability as a result of NATO budget cuts. I shall refer to that in more detail when I speak to the Minister in private after the debate, but the question that I want to put on record is this: will that cut, which is motivated by financial concerns, expose KFOR to an unacceptable level of operational risk?

I will now address the critical political problems in Kosovo that remain unresolved. In my view, the foremost concern is Serbia's policy towards Kosovo. I have been visiting the former Republic of Yugoslavia, now Serbia, for more than 30 years—since President Tito was in power. I am under no illusion whatsoever about the importance of Kosovo in historical, cultural and religious terms to the Serb people, but I must state clearly that, notwithstanding that background, it cannot be right for the Government in Belgrade to continue to support, establish and finance parallel political structures inside Kosovo, including the funding of local elections, which is creating an extraordinary position in which there are two mayors in some of the Serb enclaves, with one elected under the aegis of Belgrade and the other elected under the aegis of Pristina. The international community must make it clear to the Government in Belgrade that a continuing policy that subverts the elected Government in Kosovo is incompatible with progress towards EU and NATO membership, which Serbia wishes to achieve.

The second major concern relates to the process of international recognition that Kosovo has achieved and hopes to achieve in future. The progress thus far has been somewhat disappointing. Only 69 countries recognise Kosovo as an independent nation state, and that does not even include all 27 EU member states, as five do not recognise its independence. Those 69 countries represent just over one third of the members of the United Nations General Assembly. The hope is that, following the International Court of Justice's judgment on Kosovo's independence, which is expected shortly, there will be a breakthrough beyond the 69 figure. The key figure that needs to be broken is 100, because anything above that would mean that more than 50% of members of the General Assembly recognise Kosovo as an independent sovereign state. I hope that the Minister will be able to assure us that the British Government will do all that they can following the Court's judgment, with many other countries, to ensure that the recognition of Kosovo passes beyond the figure of 100 so that majority support in the General Assembly is achieved.

My final key point, which is ultimately the most important one, is that the unhappy and unacceptable reality is still that north of the Ibar river, particularly in north Mitrovica, we effectively have a state within a state. It is an area under Kosovo Serb control where the writ of the Pristina Government does not run and where there is a wholly unacceptable degree of lawlessness—indeed, there is no effective rule of law to speak of. The European rule of law mission in Kosovo, EULEX, has thus far been a serious disappointment. It has an incredible number of personnel in the country—around 3,000—but has signally failed to establish an effective criminal justice system in north Mitrovica and the northern Serbian enclaves.

The situation in the court in Mitrovica is disgraceful and truly shameful as far as the international community is concerned. There is a backlog of 30,000 cases, and sadly EULEX has caved in to Serbian demands, including from Belgrade, that no local judges or prosecutors should perform in the court house in Mitrovica. As long as that situation continues, we are effectively dealing with a fragmented state, so I urge the British Government, with their international partners, to do much more to ensure that the rule of law is re-established north of the Ibar river. Only then will we end the current situation which, in my view, is almost akin to that in Cyprus. In theory there is a single integrated state, but a significant territory is outside the jurisdiction and rule of law of the elected Government.

The situation in Bosnia and Herzegovina is perhaps even more fragile and potentially more dangerous than that in Kosovo. The Dayton constitution was a huge success in so far as it enabled the appalling internecine

fighting and bloodshed to stop. The fundamental problem, however, is that while the constitution, which is built on layer upon layer of blocking mechanisms protecting the sectional interests of the three major ethnic groups, was successful in bringing about an end to conflict, it is effectively unusable as a serious decision-making mechanism to deal with either NATO or EU membership.

Nothing illustrates that more than the issue of property, especially defence properties. NATO Foreign Ministers took an excellent decision at their meeting in Tallinn in April to offer Bosnia and Herzegovina the entry point for eventual NATO membership. They offered it membership action plan status subject to conditions, one of which is that it resolves the issue of ownership of defence properties. There are just 69 properties held by the entities—in other words, by the federation and Republika Srpska—the ownership of which should be transferred to the state. So far, it is wholly unagreed and there is total logjam, which poses the question: if the ethnic groups inside Bosnia and Herzegovina cannot agree the relatively simple and straightforward issue of the transfer of 69 defence properties from the entities to the state, what can they agree on in terms of imperative constitutional reform?

In Bosnia and Herzegovina, we have a stalemate, but it is worse than that—it is a stalemate over which is suspended a sword of Damocles. The sword is the powers that Republika Srpska has taken to hold referendums, and the threat is that those powers will trigger a referendum on secession. If that happens, and the referendum is carried and Republika Srpska secedes from the rest of Bosnia and Herzegovina, Bosnia and Herzegovina in its present form will collapse with unknown and unquantifiable consequences, not only in Bosnia and Herzegovina, but elsewhere in the western Balkans. What can be done in this situation?

I do not believe that a new vista will open up after the forthcoming local elections in the autumn. That idea was put to us, but it is a complete illusion. Nor do I believe that it is realistic or reasonable to expect the current High Representative to use the Bonn powers as Lord Ashdown did when he was High Representative—that era is over. Two critically important policy steps need to be taken that would resolve the crisis in Bosnia and Herzegovina. As in Kosovo, the Government in Belgrade need to change their policy fundamentally. As long as Republika Srpska believes that, at the end of the day, Belgrade will finance, back and support it, it can go on being wholly negative towards constitutional change.

Most important of all is this: ultimately, the people of Bosnia and Herzegovina must own their constitution and vote for the constitutional changes necessary to give them an effective decision-taking Government. We need to bring about a seismic change of attitude among the people of Bosnia and Herzegovina. Some might say that that is impossible; I most certainly do not. It is not impossible because the Serbs in Serbia, as shown in the previous major elections, have already achieved that seismic change in attitude. They voted largely to put the past behind them and look forward to EU and NATO membership. If Serbia can achieve that seismic change of attitude, surely it is possible for Republika Srpska as well. It will also require a major change by the international community, which will need to adopt a quite different policy from that adopted so far. It will need to offer much more carrot than stick, to offer incentives to get support for NATO and EU membership, and to bring more imagination, determination, skill and sensitivity to the negotiating process. I believe that that is the way forward, and it is the only way forward if Bosnia and Herzegovina is going to remain integrated, stable and, above all, at peace.

1.47 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): I congratulate my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) on securing the debate and commend him on his persuasiveness for the case that he put to the Speaker's Office to secure the allocation of the debate so soon after his visit to the region.

I assure my right hon. Friend that the new Government attach great importance to developments in the western Balkans and to the promotion of stability in the region. My colleagues in the Foreign and Commonwealth Office have already taken a great interest in the region. The Foreign Secretary visited Sarajevo for a western Balkans high-level meeting on 2 June—one of his first overseas engagements—and the Minister for Europe visited Macedonia and Kosovo last week.

My right hon. Friend raised important questions, particularly about Kosovo and Bosnia and Herzegovina. He talked about some of the problems that those countries face as being the hardest nuts to crack. I am grateful to him for the examples that he gave and for his advice. I shall address those points in a moment, but I should like to make some more general points first.

The Government have made it clear that we see the enlargement of the EU as a vital strategic goal. It will create stability, security and prosperity across Europe based on the firm foundation of democracy, the rule of law and shared values. We see EU membership as an unparalleled opportunity for the countries of the western Balkans to move on from the conflicts of the past, many of which my right hon. Friend vividly touched upon. The new coalition Government fully and strongly support EU and Euro-Atlantic integration for all the countries of that vital region.

This is a two-way process. Of course the international community needs to play its part by sharpening its focus on the western Balkans, and I agree entirely with my right hon. Friend when he says that the west must raise its level of involvement and pursue a clear, determined, firm and active approach that is focused on delivering results. We need carefully to uphold the rigorous conditionality inherent in the EU accession process to drive many of the important reforms on which he touched. However, the countries must also play their part. They need to demonstrate serious political leadership in meeting the criteria set by the EU. Obviously, that will not always be easy: compromise and flexibility will be required. They will have to take steps that may prove unpopular at home, and they must also resolve outstanding bilateral differences that, if not tackled, risk becoming serious obstacles to one another's progress.

Turning to the two countries that my right hon. Friend touched on, I shall first deal with Kosovo. He mentioned the fact that the size of KFOR will be reduced from 9,500 personnel to 2,000 or fewer. He rightly raised the point that the over-the-horizon battalions

[Mr Henry Bellingham]

are on 17 to 14 days' notice, I believe he said, and he asked whether reinforcements would arrive in time. I shall refer that important question to my colleague at the Ministry of Defence, the Minister for the Armed Forces, to try to get a firm answer for him.

My right hon. Friend also asked about the withdrawal of important intelligence capability, which I understand was done, as he said, on financial grounds. He suggested that it may well put the whole operation at risk, and I share his concerns. It is obviously something that we ought to look at as a matter of urgency. Again, I shall come back to him on that point, and I should like to accept his invitation to have a private chat about it after the debate.

My right hon. Friend mentioned the process of the international recognition of Kosovo. He put very well his vivid recollections of some of the wretched and sad events that afflicted this troubled area and also mentioned NATO sacrifices. I agree that that in itself is a good reason to ensure that movement is made to resolve the problems and, above all, to ensure that Kosovo receives international recognition.

My right hon. Friend said that only 69 countries currently recognise Kosovo, and that five EU countries are non-recognisers. I saw those figures when I was being briefed for this debate and found them surprising. That is certainly one of the things that the coalition will look at. The Foreign Secretary spoke about intensifying bilateral relations with several key European partners and other countries, and we need to look at exactly that kind of issue. We need to ask those countries to explain why they do not recognise Kosovo, in line with the vast majority of other European countries.

My right hon. Friend mentioned the activities and machinations that are being controlled from Serbia, particularly the initiatives that have resulted in two mayors currently being in place, undermining each other. That was a good point. I agree entirely with what he said about the area north of the Ibar river, where there is a state within a state and all the resulting lawlessness.

We shall watch the outcome of the extremely important International Court of Justice decision and advisory opinion on Kosovo's declaration of independence, which are coming up. Obviously, we must await what the court says, but we will look at its decision carefully and, above all, use it as a spur to reinvigorate the international campaign that is being promoted by several European countries to ensure that other countries row in behind the Kosovo independence movement and to ensure that the figure of 69 increases substantially to 100, which is very much in line with the objectives of Her Majesty's Government. Indeed, when my hon. Friend the Minister for Europe visited Kosovo last week, he made those very points. He made it absolutely clear that Kosovo's independence and territorial integrity are a matter of fact and irreversible, and he warned specifically against any attempt to use the occasion of the ICJ advisory opinion as a pretext for returning to a discussion of status. He underlined the Government's full support for Kosovo's EU perspective as part of the western Balkans region moving towards EU membership. He is very much on the case and working extremely hard.

On Bosnia and Herzegovina, I am grateful to my right hon. Friend for stressing the point about defence reform. Bosnia and Herzegovina has been invited to join NATO's membership action plan, and NATO has made it clear that it will do so when the defence property that he referred to has been properly apportioned. That is why we urge the country's leaders to meet the clear criteria set out by NATO in that regard.

I agree with my right hon. Friend and find it staggering that, following the Tallinn conference when Bosnia and Herzegovina made it clear that it wants to push ahead with its NATO membership, it has since dragged its feet and there has been a logjam. I share his frustration and, indeed, amazement that progress has not been made. One would have thought that the goal and what is at stake for Bosnia and Herzegovina in joining NATO would be incentive enough to ensure that the problem is sorted out. I would not have thought it beyond the wit of officials and bureaucrats to get a grip on the matter, but it does require renewed political leadership. I entirely agree with my right hon. Friend that that is exactly what that country must do.

My right hon. Friend mentioned the sword of Damocles, as he put it, and the fact that there may well be several referendums. I agree entirely that a fundamental change in policy is needed on the part of Belgrade. There needs to be a change in attitude and culture. Likewise, he mentioned that there needs to be a change in attitude in the international community—a change of approach, a revitalised approach—but I think that, above all else, what needs to be made crystal clear is that both Serbia and Bosnia and Herzegovina want to join the EU and that the criteria for doing so are simple. They will have to resolve their problems in a statesmanlike, constructive and coherent manner. If they do not do that, the chances of their coming into the EU will diminish substantially.

I agree, as my right hon. Friend spelt out so clearly, that in both Kosovo—he mentioned the area north of the Ibar river, where there is almost a state within a state and lawlessness prevails—and in Republika Srpska, where exactly the same thing is happening, Serbia is intervening behind the scenes. In the case of Republika Srpska, it is trying to encourage a secessionist movement that would have the effect of completely destroying Bosnia and Herzegovina. We must be absolutely aware of that and make it crystal clear to Serbia that what it is doing is not in its own interests. It is incredibly destructive, and it will simply delay the date when it will be eligible to come into the EU.

Once again, I thank my right hon. Friend for securing this debate. There may well be some points that I have not had a chance to touch on. If so, I shall write to him, and I shall certainly refer certain points to the MOD. The point about the battalions is important.

I should like to underline the importance that the Government attach to countries in the region intensifying efforts towards reconciliation and improved regional co-operation. Some positive steps have been taken in recent months: Serbia, Turkey and Bosnia and Herzegovina have sought to improve their relations through the Istanbul declaration, and the Serbian parliamentary resolution condemning the Srebrenica massacre was a welcome step towards greater reconciliation in the region. Slovenia's and Croatia's Brdo process is a welcome initiative to promote active co-operation across the region, and the coalition Government strongly encourage further such effort.

To conclude, the Government will continue to be actively engaged in the western Balkans. We will seek, encourage and promote effort and positive momentum to ensure that all countries in the region are put fully and irreversibly on the path to joining the EU and NATO. If they look at those goals positively and show statesmanship, that in itself will be the biggest driver of all in solving some of the problems that my right hon. Friend so eloquently touched on, and if that happens, for the first time in our lives the region will be incredibly stable and have a bright future.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 30 June 2010

[MR MIKE WEIR *in the Chair*]

Free School Meals

Motion made, and Question proposed, That the sitting be now adjourned.—*(Brooks Newmark.)*

9.30 am

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): I am pleased to have secured this debate on free school meals because it allows me to highlight a shameful decision by the coalition Government. Despite the current financial situation facing our country, an extremely strong case can be made for the provision of universal free school meals. The fact that the Government are choosing to limit and cut that provision instead of widening it seems to be a step in the wrong direction, not just because of the provision's health and educational benefits to pupils, but because of its the financial benefits for the least well-off in society.

My involvement and that of my hon. Friends in the Chamber started in 2006, not long after I was elected to the House. My hon. Friend the Member for City of Durham (Roberta Blackman-Woods) and I, with around a dozen other hon. Members, went on a fact-finding visit to Sweden, primarily to find out more about the Swedish health and education systems, and particularly free schools. While in Sweden, my attention was captured not by free schools, but the country's school meals policy. Free school meals have been available there to all children for several years. The take-up is approximately 85%, and we were amazed to see children not only tucking into a healthy, nutritious meal, but serving themselves from a buffet and working together to help to clear away plates and wipe the tables. Those children were seven.

Pupils and teachers eat together as a class on a rota system so that there are no huge crowds at lunch time, which is an important part of the day for continued learning and socialising, not only with one other, but with the teacher. The system provides an opportunity for teachers to have time to themselves—they spend 40 minutes in the staff room when the children go out to play—and the children do not load up on sugary snacks and then sit down to afternoon study while metaphorically swinging from the lampshades. It was interesting that although my hon. Friend and I returned from Sweden excited and convinced of the benefits of universal free school meals, the new Secretary of State for Education returned from his visit to Sweden considerably more excited about free schools.

Since 2005, there has been a sea change in our attitude to the healthiness of school meals, thanks partly to the high-profile campaign by Jamie Oliver. The changes since then have been crucial. The food provided to children who choose school meals is, more often than not, fresh, nutritious and locally sourced. That is a far cry from the profit-driven mentality that previously dominated school meal provision and led to children eating such monstrosities as turkey twizzlers. That was only the first part of the necessary change, and when we had made school food healthy, it was our duty to ensure that as many children as possible ate it.

Lyn Brown (West Ham) (Lab): Does my hon. Friend agree that eligibility is a key issue? Newham is fourth highest on deprivation indices for child poverty. Around 46.9% of our children live below the poverty line, but only 29% are entitled to free school meals.

Mrs Hodgson: Exactly. I shall come to that, and it is why I call for universal free school meals.

Last week, an Ofsted report found that although the quality of school meals had increased, the take-up of free school meals by those entitled to them remained low because of stigma, complexity and some families' constant movement in and out of entitlement. I received free school meals from the day I started school until the day I left, so I can speak about the stigma from personal experience. Even today, a significant stigma is attached to receiving free school meals, and expanding access to all is the fairest way of eradicating that stigma.

One in five children who are eligible for free school meals do not receive them. In addition, a swathe of forgotten children is not entitled to them, although they definitely live in poverty. A healthy packed lunch might be too expensive for their parent or parents, who might be in a low paid, full-time job and rushing about doing their best to look after their children. Universal free school meals are undoubtedly the best way to address all those problems, but they would do more than that; they would ensure that all children had a healthy meal during the school day. Some parents may be able to shop at Waitrose or Marks and Spencer, but it does not follow that their child's lunch box is healthy. A ready meal from Marks and Spencer may cost more than a ready meal from Asda or Tesco, but it is still a ready meal, and we should not assume that all children go home to healthy food just because they have an upmarket postcode.

That is why my colleagues and I have campaigned so strongly on the matter for the past four years. We have lobbied incessantly. We lobbied the Child Poverty Action Group to take up the cause, and I am delighted to see my hon. Friend the Member for Stretford and Urmston (Kate Green) in the Chamber today and look forward to hearing her valuable contribution to the debate. Believe it or not, the issue was not always popular. There were objections even in my own party to rolling out free school meals regardless of household income. However, it remains the fairest way to ensure that all children below the poverty line, however that is measured, receive a healthy meal during the school day.

I chased Cabinet Ministers through the voting Lobby to try to convince them of our crusade to such an extent that they pre-empted me before I had even said a word by telling me that the matter was still being considered, and eventually to tell me that it was with my right hon. Friend the Member for Doncaster North (Edward Miliband), who was writing our manifesto. I need not say what happened next, as I am sure that hon. Members can imagine, but I became his shadow and was always ready to extol the virtues of universal free school meals.

The first big success for our campaign came at the Labour party conference in 2008 when my right hon. Friends the Members for Normanton, Pontefract and

[Mrs Hodgson]

Castleford (Yvette Cooper) and for Kingston upon Hull West and Hessle (Alan Johnson) announced the introduction of three pilots for free school meals, all to be local authority match funded. Two pilots were for universal free school meals; Durham and Newham bid for them and were lucky enough to secure them. My hon. Friends the Members for City of Durham and for West Ham (Lyn Brown) played a great part in that. The further pilot involved raising the threshold to the agreed poverty line to ensure that more children in poverty qualified for free school meals, and that went to Wolverhampton.

Those pilots have been under way for nearly a year. They have been hugely successful, especially those involving universal free school meals in Newham and Durham, where take-up is 75% and more than 80% respectively. The majority of primary school pupils in those boroughs therefore receive a hot, healthy, nutritious meal instead of the sugary, additive-laced snacks that some children are given in their packed lunches.

Kate Green (Stretford and Urmston) (Lab): Has not the research also shown that extending entitlement universally leads to not only increases across the board—that is obvious—but increases among those who would have been entitled anyway, as demonstrated in the 2006 Hull experiment?

Mrs Hodgson: My hon. Friend is right, and I will come on to the Hull experiment.

The quality of packed lunches is usually dependent on cost, but do not take my word for that, Mr Weir. Research by Professor Derek Colquhoun of the university of Hull showed that it is not always possible for families to access, let alone afford, fresh food for their children. The alternative of paying for school meals may cost almost £20 a week for a family with two children—money which those still living below the poverty line do not have.

I look forward to hearing more about the success of the Durham and Newham pilots from my hon. Friends the Members for City of Durham and for West Ham. Unfortunately, due to the recession, universal free school meals did not make it into our manifesto, but our party gave a commitment in the 2009 pre-Budget report to extend the universal free school meals pilots to at least one in every region and permanently to raise the access threshold everywhere else to £16,190 to enable a further 500,000 children to have a free, hot and healthy lunch every day. That approach would also lift a further 50,000 children out of poverty, which was welcome news as far as my colleagues and I were concerned. Such a measure would also be an important first step on the way to universal entitlement, and I welcome it as still affordable, even during a recession.

Rachel Reeves (Leeds West) (Lab): Does my hon. Friend agree that it is even more important to extend that entitlement during the recession? In my constituency, the average income is £16,000 a year, which means that the average family is living in poverty. However, if someone works and earns £16,000 a year, their children are not entitled to free school meals. It is harder for those families to go back to work because they lose the entitlement, which for many is equivalent to about £600 a year. If the coalition Government want to get more people back to work—although the forecast from the Office for Budget Responsibility showed that their Budget will put 100,000 more people on the dole—one important measure would be to extend the entitlement to free school meals so that parents who go back to work can claim it for their children.

Mrs Hodgson: My hon. Friend raises an issue that I was coming to—I fear that she makes the point better than I would have done. A lot of hon. Members in the coalition Government are not getting that point, but hopefully the contributions that my hon. Friends and I make today will put paid to that.

Confusingly, although the new Government committed themselves to meeting the child poverty targets set by the previous Government, the Secretary of State for Education announced on 9 June that the coalition Government would not be going ahead with the additional pilot schemes, or the extension of schemes to include more low-income families. That is devastating news for the families concerned. The extension would have eased the transition into work for many parents—my hon. Friend has just spoken about that—and supported the Government's wider drive to improve educational and health outcomes among the least well-off in our society. It seems that the Education Secretary wants to follow in the footsteps of a former Conservative Education Secretary, who became well known—indeed infamous—overnight with the tag of "milk snatcher". Today's Education Secretary shall for ever more be known as the "meal snatcher".

Entitlement to free school meals usually ends when a family moves off benefits and into low-paid employment. That gives rise to an extra cost of around £300 a child per year, just when families are trying to make themselves better off through work. Furthermore, 60% of children in poverty have at least one parent in work, so the majority of children who live in poverty today do not benefit from free school meals. That is a shocking statistic, but it is true.

The decision announced by the Government is spectacularly short-sighted and I urge the Minister to reconsider it as a matter of urgency, particularly considering that the coalition's stated aim is to decrease the number of people on benefits and increase the number of people in work. That is a laudable goal, but it will never be reached with such poorly thought out policy decisions.

A measure that would have raised 50,000 children above the poverty line has been scrapped, thereby exposing the Government's claims to promote fairness as nothing but empty rhetoric. How can increasing the number of children living in poverty in 2010 help the Government to meet their 2020 target for eradicating child poverty, especially after a Budget that, as the Institute for Fiscal Studies shows, disproportionately affects the very poorest? I was even more disturbed to see a leaked memo suggesting that money that would have been directed to the poorest families for free school meals is now being redirected to help the middle classes to parachute their children out of mainstream schools and into free schools. That is a particularly galling example of money being directed away from the disadvantaged towards the comfortably off and away from a scheme that would have lifted children out of poverty to one that will do nothing of

the sort but will pander to middle-class parents who still bemoan the loss of grammar schools in leafy London boroughs.

Following this debate, and with the successful campaign that is being led by my right hon. Friend the Member for Morley and Outwood (Ed Balls), the Government will choose to reinstate the changes to free school meal provision that were announced by the previous Labour Administration. That would be welcome news, but I would like the Government to go even further and seriously consider the case for universal free school meals. It is all too easy to dismiss the argument by saying, "We haven't got the money to do it". Tough spending decisions should be a matter of prioritising, not slashing budgets for ideological reasons.

Mr Gregory Campbell (East Londonderry) (DUP): I congratulate the hon. Lady on securing this debate and her cogent argument for universal free school meals. Does she agree that an additional spin-off effect would be that if each child was able to access a free, nutritious and healthy meal, it would help in the battle against childhood obesity? Tackling that was a target of the previous Government, and hopefully it is shared by the present Government.

Mrs Hodgson: That well-made point is another that I was about to come to. I am sure that hon. Members from all parties agree that the education and health of our children is of utmost importance. That more than justifies the admittedly considerable spending commitment that such a policy would entail. It is estimated that obesity costs the NHS £3.5 billion a year and the figure is set to rise, so this is a cost worth paying to save money in the long run.

Even at a time when the deficit needs to be cut, we cannot forget the social implications of the decisions that are made by the Government—by a coalition Government no less. They are a broad church that goes from left-leaning Liberal Democrats to right-leaning Thatcherite Conservatives through all colours in between. One would think that a coalition with the right hon. Member for Twickenham (Vince Cable) at its heart would produce fiscally sound social policies and that the last thing that it would do would be to increase child poverty. Alas, I fear not. One only has to look north towards Hull to see that the Liberal Democrats have form on such matters.

In 2004, the Labour council in Hull introduced universal free school meals. It had to get a dispensation from the then Labour Government to do so as that took place prior to the passage the Education and Inspections Act 2006 which, by changing "shall" to "may" in a line of legislation, made it possible for universal free school meals to be introduced by any local authority anywhere in England.

That first pilot scheme was a huge success. Those successes were chronicled by a number of academic papers, the most notable of which is the work I mentioned earlier by Professor Derek Colquhoun from the university of Hull. If I started to go into detail about how positive that evaluation was, there would be no time for anyone else to speak in the debate. I will therefore not do so, but I strongly suggest to the Minister that he look it up—it is a very good read.

What happened next? Sadly for the children of Hull, Labour lost control of the council after three short years to the Liberal Democrats, who promptly and savagely, and without remorse, scrapped the free school meals initiative. Once again, there was a charge for access to the lovely hot and healthy school meals to which the city's children had become accustomed. That was greeted with outrage from local parents, who had not realised that that was what the Liberal Democrats would do. Does not this all sound strangely familiar? Lo and behold, here we are again. What happens as soon as they are in government? The Liberal Democrats, aided and abetted by their Tory masters, are at it again. Time and again, they are literally taking food out of the mouths of society's poorest children.

Kate Green: Will my hon. Friend give way?

Mrs Hodgson: I am just about to finish.

I notice that no Liberal Democrat Member is present in the Chamber to try to defend their part in this atrocity. I hope that the Liberal Democrats are proud of themselves and of the fact that such policies are what they seem to have come into politics for—they do it time and time again. I hope that their ministerial salaries and cars are worth it and that all the hard-working people up and down the country who voted Liberal Democrat are happy with the decisions that their elected representatives are taking on their behalf. In future, the mantra will not be, "Vote Lib Dem, get Tory"; it will be, "Vote Lib Dem, increase child poverty". I look forward to hearing the Minister's explanations.

9.49 am

Roberta Blackman-Woods (City of Durham) (Lab): I congratulate my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson) on securing this very important debate. I, too, shall start with our visit to Sweden, because that was a turning point in our realisation that universal free school meals could be delivered and that a society would consider that the norm for how children are treated at school. My hon. Friend is right that we came back very excited about the possibility of mounting a campaign. It is pleasing to see in the debate today that the organisations and agencies that are firmly focused on alleviating child poverty, such as Barnardo's, the Child Poverty Action Group and Save the Children, have thrown their weight behind the campaign to secure universal free school meals and to protect what we have achieved so far. It is worth reiterating the substantial progress made in the last Parliament.

We had three pilots, two focusing on universal free school meals for primary school children in Durham and in Newham, including the constituency of my hon. Friend the Member for West Ham (Lyn Brown). Significantly, we had the promise of a further roll-out to cover at least one local authority in each region, and we had free school meal entitlement elsewhere being extended to primary school children of working parents in receipt of working tax credit with a household income below £16,190. That was to roll out throughout 2010 and 2011.

As my hon. Friend the Member for Washington and Sunderland West said, the extension of free school meals would have lifted 50,000 children out of poverty, but critically it would have increased incentives to work.

[Roberta Blackman-Woods]

Without the extension, families moving off benefits into work would be hit by costs of about £210 per year per primary school-age child, so the new Government's decision sits very uneasily with their policies, about which they tell us frequently, to move people off benefits into work. Barnardo's and the other agencies make that point strongly. The Government need to consider how to make work pay and ensure that it does, but they also need to go further by examining how we reduce education and health inequalities. Almost all health professionals have criticised the Government's decision on free school meals, saying that it is an enormous setback to the reduction of education and health inequalities.

My hon. Friend and I may have been spearheading the campaign in the past three or four years, but I must pay tribute to Save the Children, because it first made the argument for free school meals in 1933. It is dreadful that almost a century later, we have not achieved that goal. Save the Children points to the fact that the UN convention on the rights of the child, which every country in the world has now signed, states that Governments are under a duty to

"provide material assistance and support programmes, particularly with regard to nutrition".

That convention applies to this Government as well to those elsewhere. Save the Children also points out that 60% of children living in poverty have at least one parent in work, so most of them do not benefit from a free school meals entitlement that is linked to out-of-work benefits. Therefore, we need an answer from the Government about why they have taken this decision when they are trying to move people off benefits.

Lyn Brown: Before coming to this place, I did quite a lot of work involving focus groups with women about going into work, being out of work and so on. One of the shocking things that I found was that women had accessed the labour market because they had been told that they would be able to afford to do that and find money on top to enable them to make a better life for their families, but in reality they were in much more debt than they had ever been in before in their lives, because the hidden costs, such as the loss of free school meals, were not taken into account when their benefits were calculated and the figures done. Does my hon. Friend agree that the £690 to £1,000 that a family can save through free school meals can be pivotal to whether a low-income family are able to stay in the labour market?

Roberta Blackman-Woods: My hon. Friend makes a powerful point and shows how critical it is to have policies such as free school meals in place when trying to move people off benefits and into work.

The coalition promised to prioritise fairness when implementing cuts and to meet the 2020 target of eradicating child poverty, but deeds speak louder than words and it is appalling that one of the first acts of the coalition Government has been to attack the poorest in our society by cancelling the extension of the free schools meals programme. Furthermore, that will not help to close the attainment gap in schools. The previous Government went some way towards improving standards in school across the board and improving attainment levels, but sadly an attainment gap still exists. The position is that 26.6% of the poorest children passed five good GCSEs compared with 54.2% of better-off children in 2008-09, and that is pretty much the case across the board.

If we want to reduce the attainment gap, we must ensure that all children at school are given an equal chance, and results from the pilots in Durham show that free school meals are contributing enormously to reducing attainment gaps. That is because they help children from low-income backgrounds, who may not have good nutrition, to concentrate more in the classroom. In my constituency, every school has free school meals, and I have visited many of those schools in the past few months. There is not one head teacher or one teacher who is not tremendously supportive of the programme. They say that, even at this early stage, it is making a real difference to concentration levels and children's ability to perform successfully.

The real argument for universality is how it applies across the board. No stigma is attached to free school meals in that case, and many of my local schools have 100% take-up, but the greatest advocates for the programme are the children themselves. When my hon. Friend the Member for Kingston upon Hull North (Diana R. Johnson) visited Durham with me to look at the programme, we talked to many of the children, and we found that it was the children in the school who were the advocates and ambassadors for the programme. Of course they had the odd grumble, but generally speaking, at the age of seven, eight and nine, they recognised the value of the programme. They talked about how it was encouraging them to eat healthily and to develop social skills. They liked being able to sit down with their friends and teachers and have their lunch. They said that they were pleased because they no longer had to bring packed lunches, and there was no longer segregation in the school between those having school meals and those having packed lunches.

Rachel Reeves: My hon. Friend talks eloquently about the difference that free school meals have made in her constituency. Does she agree that as well as free school meals, which are important, breakfast clubs in schools are making a huge difference? However, certainly in my constituency, schools rely on support from the local education authority and the Department for Education to be able to continue those breakfast clubs. Does she share my fear that we are starting to descend a slippery slope and that the support for breakfast clubs, which also help children's concentration and break down some of the barriers that she talked about, is likely to be at risk in future?

Roberta Blackman-Woods: My hon. Friend makes an excellent point; indeed, we were discussing it on the Floor of the House yesterday, when it was noted that the cuts being made to area-based local authority grants are already affecting the extended schools budget, which many local authorities use to support breakfast and after-school clubs.

I honestly wish that the Secretary of State for Education or one of his Ministers had come to my constituency before announcing their policy, because it is impossible to witness the free school meals system in practice, to see how successful it is and then to cut it.

The GMB produced a helpful progress report on free school meals in February, which demonstrated that the free school meals service in Durham was employing 140 additional staff and that food was being sourced locally. Furthermore, it was much more cost-effective to deliver free school meals as a universal, rather than means-tested, service. The system ticked all the boxes because it also helped to educate children and their parents about how to eat properly.

In this time of scarce financial resources, the Government should surely be looking at policies that tick a whole range of boxes and which are cost-effective. Powerful arguments can be made that free school meals are a good investment for the future and that they help to reduce long-term health and education inequalities.

Lyn Brown: In Newham, our children were starting to eat different foods from those that they had eaten previously. Mothers were telling me that their children no longer demanded the chicken nuggets that we heard about earlier, but wanted to eat healthier foods that were cooked from scratch with mum and dad in the kitchen at the weekend. Families' purchasing power was changing because they were eating more cheaply, and the nutritional value of the food that they were eating was changing, too. Regardless of whether we want them to, children dictate what a family eats.

Roberta Blackman-Woods: My hon. Friend makes an excellent point, which I hope the Minister will consider.

I want to finish by asking the Minister a number of questions. How will the Government help parents into work without considering the need for free school meals and other such programmes? What will they do to improve health inequalities among children if they do not use free school meals to alter the behaviour of children and families? Why on earth have a Government who said that they were committed to fairness and alleviating child poverty started by attacking families on low incomes? Importantly, how do the Government propose to close the attainment gap and reduce inequality without considering nutrition in schools?

10.3 am

Kate Green (Stretford and Urmston) (Lab): It is an absolute pleasure to speak in the debate, and I congratulate my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson) on securing it. She and my hon. Friend the Member for City of Durham (Roberta Blackman-Woods) have been long-standing collaborators of mine on this subject. I was very pleased to work with them on it when I was the chief executive of the Child Poverty Action Group, and I am delighted that we will continue to work together on it in the House. I guess that I should declare that I remain a member of the CPAG, and I am a strong supporter of its work and what it stands for. I am pleased that, following my departure, the CPAG remains as committed as ever to the cause of free school meals, as part of its wider "2 skint 4 school" campaign.

I very much welcomed the announcements that the previous Labour Government made over a number of years to improve the quality of, and eligibility for, free school meals. One of the most important years in the development of policy was 2005, with the establishment of the School Food Trust, which heightened awareness of the importance of this issue on a number of policy fronts. We should pay tribute to the trust for also playing an important role in driving up nutritional standards, which is something that every Member will want to applaud.

Of course, the Labour Government's policies were important in other ways. Investment in our school infrastructure enabled a number of schools significantly to improve catering facilities, which could increasingly be brought back in-house. I was recently delighted to have the opportunity to visit the wonderful new kitchen at Acre Hall primary school in my constituency. To my great delight, Theresa, the school cook, has offered me the chance to join her and cook lunch for the children. I am very much looking forward to doing that in the next few weeks, when I expect that I will learn a great deal about how to peel carrots in bulk.

Perhaps the Labour Government's most important initiative was the extension of eligibility for free school meals. With my hon. Friend the Member for Washington and Sunderland West, I strongly welcomed the direction of policy travel that that represented. I am deeply concerned that the announcement that the Secretary of State for Education made the other day represents a reversal of that direction of policy travel, which is something that we must all be very anxious about.

I was particularly interested when the Secretary of State explained that the pilots would not be further extended because the evidence of a link between the provision of free school meals and educational attainment remained unproven. It is certainly important that educational attainment is one of the gains of extending the right to free school meals, and the evidence does in fact suggest that there are improvements in cognitive ability, concentration and learning behaviour. Early on in the Hull experiment—researchers confirmed this later—teachers reported a calmer learning environment, with children more engaged, including in the often difficult classroom period in the early afternoon. It is therefore wrong to suggest that the educational gains are unproven. Moreover, it is wrong to judge the provision of universal free school meals on educational attainment grounds alone, important though those of course are.

We must also be aware of the health gains, because standards of nutrition in school meals have risen significantly since 2005. Hon. Members should contrast that with the packed lunches that many low-income parents are still forced to provide to their children, only 1% of which meet the standard of today's school meals.

We have also heard about the importance of the socialising and behavioural gains that we see in our schools when more children eat lunch together. Children learn to converse and to look out for one another, and they learn good courtesy and table manners. Importantly, children who are having lunch in school are not hanging around the chip shop at the end of the road—something that is particularly significant in secondary schools.

It is also important to consider school lunch in the context of the broader curriculum, as my hon. Friend the Member for City of Durham said. There is the opportunity to link lunch to education about diet, nutrition and cooking. Many schools have used the extension of school meal programmes to bring more parents into schools, so that they and their children learn to enjoy cooking healthy meals together.

[Kate Green]

There are important sustainability gains in extending the reach of free school meals and in the opportunity that that creates for cooking locally, on-site, with less transport of ingredients. It also offers schools the opportunity to source from local producers, which boosts the local economy. The extension of free school meals is an important job-creation opportunity. Working in school kitchens is a particularly desirable form of employment for many parents, especially mothers. The flexibility of the work—the fact that it takes place in term time and obviously coincides with the times when the children are in school—makes it a good source of additional local jobs.

It is highly regrettable that those additional gains were not mentioned by the Secretary of State when he said that the gains on educational attainment grounds were unproven. Even if that had been true—in my view the evidence shows that it is not—it is highly regrettable that the much broader social and environmental gains were not considered, too. Most importantly, I guess, for many of the families whom I have talked to, are the economic and financial consequences for family budgets of extending eligibility for free school meals.

School meals represent good value, and many hon. Members present in the Chamber will believe that a hot lunch at £1.90 or £2 a head is good value; and that is right. Still, however, for many low-income working parents, who may perhaps be raising two or three children, that £1.90, £2 or £2.20 added up over the week can be unaffordable. Larger families are a group already at higher risk of child poverty. Undoubtedly, for some of those families, the cost of providing lunch for their children is a component of that greater risk. It is a matter of regret that we are not taking the opportunity to deal with that.

As my hon. Friends have said, one of the most significant concerns for us is the position of low-income working families. I very much regret the decision not to roll out the provision of free school meals to more children in such families. Even the pilots under the previous Government were, I confess, limited and did not go far enough in my view in relation to provision for secondary school kids. Almost no secondary school child in this country in a low-income working family has been able to get a free school meal. The recent announcement by the Secretary of State means that we have lost substantial potential gains to do with creating work incentives and ending child poverty: as has been mentioned, the measures would have lifted a further 50,000 children out of poverty; there would have been wider social and economic gains, too.

The opportunities and options for extension are quite numerous. Many MPs have long argued that, as a first step, free school meals should be extended to all families on working tax credit. That would make a significant difference. We could also consider families in receipt of housing benefit and council tax benefit. As the Minister knows, those are in-work benefits, too. We have significant reasons for supporting the Government's own back-to-work and work incentivisation agenda, with extending the entitlement to free school meals.

I alluded to take-up in an intervention earlier. The wider the eligibility, the greater the take-up across the board, including among those children who would be entitled to free school meals even on the most limited eligibility criteria used some years ago. I think that I am right in saying that the rate nearly doubled in Hull among such children—those who would have been entitled anyway. That significant increase in take-up shows the absolute power of universal provision; some of us find that we are making that argument repeatedly in different contexts. We can understand why take-up increases when eligibility is widened; my hon. Friends have alluded to the reasons. There is less stigma: if their friends are having lunches, children will go along, too, and have lunch with their mates. Administrative simplicity is another factor. It is as true in this context as in any other that means-testing brings complexity and shuts out people who should be entitled. Of course, schools—hard-pressed to meet budgets—will be very pleased about anything that reduces administrative costs.

I want to explore the extension of free school meals into the wider educational environment, which is another thing mentioned by my hon. Friend the Member for City of Durham when she talked about extended schools. Many schools have in recent years extended their support to families by providing longer hours, with out-of-school breakfast clubs and after-school events. It is of great concern to me that pressures on funding resulting from the Budget and other cuts being announced will put those extended school activities at considerable risk.

The Minister has long been a strong proponent of the benefits of out-of-school and extended school activities. I remember hearing him say early on that schools in his constituency would want to take advantage of such moves and would be unwise not to. We will not necessarily lose extended school activities completely, but I am concerned that the poorest children may not be able to afford to participate: the children who could benefit most from those activities will be exactly those who will be shut out. We need some guarantees about funding for extended and out-of-school provision, and that must include providing for the children taking part to eat together—healthy snacks, breakfast or supper—where that is part of the plan.

Breakfast clubs have a particular significance in that context. They play an important role for many low-income families, and hon. Members should welcome several aspects of those clubs. They have attracted considerable support in many areas—in the private sector as well as the voluntary sector. In my constituency, a major employer is Kellogg's, which has put millions of pounds of support into helping school breakfast clubs. It is incredibly committed to their future and extremely anxious about what the Government intend for them. It has highlighted to me its concerns about some of the language used by my right hon. Friend the Member for Birkenhead (Mr Field), who suggested that breakfast clubs might not be desirable for a number of kids. I am sure that it would be good for children to have healthy breakfasts at home, wherever possible, but for all sorts of reasons at all sorts of times that is not possible for every parent. We must be able to build on provision that has proved a considerable success in many schools and that has given some of our most deprived kids a strong start to the school day. I hope that we shall receive assurances from Ministers in the next few weeks about extended school activities—funding for them and enabling the poorest children to participate in them more broadly—and about the role that free school meals will play in offering that.

I think that everyone understands the financial pressures and the fact that we can expect public spending cuts. However, the pain of those cuts, as my hon. Friends have repeatedly told the Government, must not be borne by the poorest; but I very much fear that that will be the exact consequence of not extending the provision.

I am concerned, too, that we are seeing a massive policy step backwards; although the direction of travel in recent years has been at times hesitant or a little stop-go, it has none the less been broadly progressive and positive. Having seen such progress, it is a matter of huge regret to find things suddenly being put in reverse.

My concluding plea is for Ministers to consider again their plans for the provision of free school meals, and to do so with fully open minds. I want their minds to be open in the context of child poverty; I want their minds to be open in the context of improving working centres; and I want their minds to be open in the context of children's health—and, of course, their learning and educational attainment. Unfortunately, the Conservative-Lib Dem Government has a bit of a track record in not having an open mind.

Several hon. Members have spoken of the fate of the programme in Hull. One of the most shameful aspects of the Lib Dem attempt to stop that programme early was that they did not wait for a proper evaluation to be made; only after the campaigning efforts of parents and others were they forced to finish the programme, so that a proper research basis could be established for the success that it had enjoyed. The governing parties have form for not evaluating programmes properly, and I know that the Minister will not want to be associated with that.

I hope that the Minister will offer some reassurance—for a start, to the many working families who are anxious about the many financial pressures that they already face. In that context, extending free school meals to more of those low-income working families would be a step towards the long-term provision of universal free school meals. That would be widely welcomed, and I hope that the Government will consider doing so.

10.22 am

Lyn Brown (West Ham) (Lab): I thank you, Mr Weir, for giving me the opportunity to speak for the first time under your chairmanship.

I shall speak only for a short time, as I am most interested to hear what my hon. Friend the Member for Kingston upon Hull North (Diana R. Johnson) has to say, as the free school meals pilot in the area that she represents was stopped by the Liberal Democrat-controlled council. I also want to hear what the Minister has to say. It is only a failure of the imagination that stops the Government understanding the importance of free school meals, both for their nutritional and social value to the children and for their economic value to hard-pressed working families that struggle from day to day to make ends meet.

I represent one of the poorest parts of the country. Newham has the fourth highest level of child poverty in the country: 30,525 under-16s live in families with less than 60% of national median household income before housing costs. Despite that, only 29% of children in Newham are eligible for free school meals under the current system. In Newham, 46.9% of children are living below the poverty line. We are talking about the working poor—families that go out to work but do not earn enough money to make ends meet. Their children suffer as a result, and it is their future that we are talking about today. They have the same right to fulfil their potential as every child in this country, and the free school meals programme was a tiny way of making that possibility a reality for some.

This is about families struggling to keep their heads above water. We might not understand what £600 or £1,000 a year means to a working family because it is less than some of us would spend on a weekend away. For the families that I represent, however, it can make the difference between surviving and not surviving. That is the likely damage of taking away the universal free school meals programme. Prior to the pilot, more than one in six children living in poverty in my constituency was not entitled to free school meals. I find that shocking, and I hope that the Minister agrees.

To my working families, the universal free school meals programme represented savings of between £690 and £1,000 a year. Families who are not working or who work less than 16 hours a week and have an income of £16,000, however, would be eligible for free school meals. I do not want to take that from them, but the current system offers no incentive to work and presents a barrier to people who have taken the first steps into work.

Research carried out by the London borough of Newham shows that if, prior to the pilot, eligibility had been extended to all who claimed benefit, of any kind, an extra 2,094 households would have been eligible. Each of those households would have saved on average £614 per year—9% of the group's typical weekly pay. As a direct result of the pilot, figures from March show that 75% of pupils in Newham are now taking up free school meals. In 16 schools, the uptake is now more than 80%, and in some it is as high as 90% or more. I hope that we one day reach the 100% level mentioned by my hon. Friend the Member for City of Durham (Roberta Blackman-Woods). It has to be good news.

As my hon. Friend the Member for Stretford and Urmston (Kate Green) said eloquently in her excellent contribution, only 1% of the packed lunches that children take to school—not only in Newham, but throughout the country—meet the nutritional standards set for school meals. As a result, those children who are not eligible or who do not claim free school meals, and whose parents are unable to afford nutritionally balanced packed lunches, are eating less nutritionally valuable food than their peers. That has an impact on their health and ability to concentrate.

The impact of a healthy meal on behaviour and concentration, and therefore on academic performance, has been discussed this morning. There is a high level of consensus about the fact that to thrive at school, children need to be well nourished throughout the school day—through breakfast clubs, which were mentioned earlier, as well as free school meals. As my hon. Friend the Member for Stretford and Urmston stated, the recent study by the School Food Trust found that eating healthy school lunches in modern dining rooms can improve pupils' concentration by almost 20%. That has to be good news for the children and their educational achievement. However, in so many ways it is also good news for us all—in productivity at work, in the sort of

[Lyn Brown]

work that people can get as a result of their education and, as was alluded to earlier, in many other social aspects of life. The impact is on not just the few, but the whole of society.

On take-up, in Newham it was obvious that a key factor in children deciding to take up the offer of free school meals was whether their best mates did so. I know that things have moved on and are a lot better than when I was at school, but it can be extraordinarily humiliating for a child to have to claim free school meals. It is stigmatising for families to have to go through that sort of inspection. I remember a woman at my surgery being in floods of tears because she had recently become ineligible for free school meals; she had ratcheted up a bill that was far beyond her reach to be paid as a lump sum. She was being humiliated almost daily, being harassed by members of staff attempting to get her to pay for school meals that had not been taken. Obviously, with the change in eligibility rules, such a situation will no longer arise. However, she told me that she could no longer afford to work, because she could not take the hit on free school meals as well as having to pay all the other costs associated with going to work.

Robert Flello (Stoke-on-Trent South) (Lab): I have been listening intently to my hon. Friend's extremely good speech. Does she agree, however, that sometimes school staff, lunchtime supervisors and canteen staff risk their own careers by regularly giving food to children who they know are not getting meals? In other words, we also see a positive side from staff.

Lyn Brown: My hon. Friend is absolutely right. The story that I related stuck in my head because it was so different from the other stories that I normally receive from parents. Bills such as the one I mentioned are often torn up and put in a waste basket and do not become an issue. Even the small amounts of money charged by breakfast clubs across the country are often not taken from families who are known to be struggling.

Stigma, combined with the complexity of administering a free school meal system to the poorest members of our society, is discouraging take-up, which explains why there was only a 50% take-up from those who were eligible in Newham before the pilot. Let me pay tribute to Sir Robin Wales, the leader of Newham council, who, despite the threats of massive budget cuts by this Government, recognises the importance of free school meals to the children of Newham and will use his ever decreasing budget to extend the pilot. I pay tribute to him because he truly understands the impact of free school meals on the children that he and I represent. He and his council will do all that they can to ensure that the widest section of our children will be eligible for free school meals, because the impact on opportunities at school and on a healthier life in the future is so significant.

10.32 am

Diana R. Johnson (Kingston upon Hull North) (Lab): It is a pleasure to serve under your chairmanship again, Mr Weir. I welcome the Minister to his new role. He was an assiduous shadow spokesman for children, and I wish him well in the months and years ahead.

I congratulate my hon. Friend the Member for Washington and Sunderland West (Mrs Hodgson) on securing this debate and on her excellent contribution. She set out very well the reasons why there is such support for free school meals and for the pilots to be extended. I also congratulate my hon. Friend the Member for City of Durham (Roberta Blackman-Woods) on her campaign work. They have both campaigned year in, year out for the pilots to be set up and ensured that there was the evidence base to persuade the Government that they needed to make the universal free school meal offer to children in this country. They should be congratulated on their persistence.

I should like to pay tribute to the other speakers in the debate. With her background in the Child Poverty Action Group, my hon. Friend the Member for Stretford and Urmston (Kate Green) gave us a very informed contribution and a straightforward approach to the matter. Free school meals deal not only with educational attainment but with the issues around reducing child poverty.

My hon. Friend the Member for West Ham (Lyn Brown) set out very clearly the practical effect of the pilot on her constituents. She correctly paid tribute to Sir Robin Wales, the mayor of Newham, who has a personal commitment to ensuring that the pilot, which has been running in the constituency since last September, continues at the end of the two-year period if at all possible. The contributions made by my hon. Friends the Members for Stoke-on-Trent South (Robert Flello) and for Leeds West (Rachel Reeves) also showed a commitment to the children in their constituencies and to getting free school meals.

Let me start by saying why I feel so passionately about the subject. As the MP for Kingston upon Hull North, I saw the effects of the "Eat Well Do Well" scheme that was in place for three years. It gave all primary and special school pupils the right to free healthy school meals. We are talking about not just lunches, but a healthy breakfast club, fruit at break time and healthy snacks for children doing sport after school. Over the three years that we were lucky enough to have such a scheme, we saw the effects on both the learning and the long-term health of those children who, unfortunately, do not always achieve as much as they should at school. In the long term, the health inequalities in my city need to be addressed by early intervention schemes such as free healthy school meals. As other hon. Members have pointed out, that scheme was abandoned by an incoming Liberal Democrat council. As my hon. Friend the Member for Stretford and Urmston said, it did not even wait for the results of an evaluation before it made its informed decision. It just decided to scrap the scheme. The pilots that the last Government set up are a useful tool for incoming Ministers to assess what has happened and to make some informed decisions about the future direction of free healthy school meals.

The last Labour Government understood that good nutrition and a healthy diet were very important to young children. If we get such things right early on, we will reap the benefits by having people who will not get sick at a young age, who cannot work, who are on benefit and who do not achieve as much as they should educationally. There are all sorts of health and educational benefits to be gained if we invest early on. As the hon.

Member for East Londonderry (Mr Campbell) said, 1.5 million children in the United Kingdom are overweight or obese at the moment. If we do not grapple with that issue, we will see an explosion in medical conditions such as type 2 diabetes, heart disease and cancer. We all have a vested interest in doing what we can as early as possible to ensure that children have the best possible start.

We have talked generally about free school meals. My hon. Friends have addressed the stigma, the fact that children who are entitled to free school meals do not always take them up and the cost, especially for families on low incomes. The school census in 2009 showed that of the 16% of nursery and primary school pupils who were eligible for free school meals, only 13.6% took them up. In secondary school, 13.4% of pupils were eligible for free school meals, but only 10.3% took them up, so that is a real issue that needs to be addressed.

The previous Labour Government recognised the need to improve nutrition in schools for all pupils. For the years 2005 to 2011, they invested £650 million to help support the cost of healthy school lunches, to build or refurbish kitchens in schools and to improve dining facilities. Where pupils eat their lunch is an issue. They are put off school meals if the environment is not very nice. Moreover, investing in catering staff and lunchtime supervisors is important. I was very fortunate to attend a meeting of lunchtime supervisors that my hon. Friend the Member for Stoke-on-Trent South organised in his constituency. As he said, those supervisors play a valuable role in looking after pupils, who, through no fault of their own, cannot have school lunches—either because of cost or because their parents have not bothered to apply for the free school meals. Those supervisors have such an important role to play, and I am very proud that we wanted to work with those catering staff, to ensure that their role was recognised and that they received all the training that they required.

Robert Flello: It was indeed a pleasure to have my hon. Friend come in her ministerial capacity to Gladstone primary school in my constituency to meet lunchtime supervisors and staff from across my constituency. Does she recall some of the comments made by those staff about situations in which children were passing out in the playground because they had not eaten, in some cases for a couple of days? Situations such as that are horrific. We are in the 21st century, not in Victorian times, yet we sometimes have to wonder what time we are in. Does she recall those conversations with staff?

Diana R. Johnson: Absolutely. Those conversations made me even more committed to the idea of looking at the evidence about free school meals, ensuring that we have a proper evaluation of the pilots that are running in the city of Durham, Newham and Wolverhampton and making a strong case for free school meals, so that those situations do not recur. That leads me very nicely on to the free school meal pilots, which we have heard quite a lot about in this debate, especially from my hon. Friend the Member for City of Durham.

I was very fortunate, as the Minister responsible for those pilots, to visit all three of the pilot areas and to speak to the children, teachers, parents and the governors of the schools involved, to see what the effect of those pilots was within the school environment. The effect was very positive, and I very much look forward to seeing the evaluation of those pilots, which will be carried out by the National Centre for Social Research. The Minister is a very fair and open-minded gentleman. I know that he will look at that evaluation, and I very much hope that he will see the benefits to children in those pilot areas and that he will want to increase the availability of free school meals to children around the country.

I want to consider the Wolverhampton pilot in particular today. As other Members have said, that pilot was set up to look at the eligibility criteria and to extend them, so that parents who were receiving working tax credit and who had an annual income of up to £16,190 would become eligible for their children to have free school meals.

I also want to pick up on comments made by the right hon. Member for Yeovil (Mr Laws), who was a shadow Secretary of State for the Lib Dems when we had the Department of Children, Schools and Families. He said at that time that 500,000 children living in poverty are not entitled to free school meals. He also said:

> "It is outrageous that half of our poorest children are missing out on free school meals. For the most disadvantaged children, a school dinner can be the only hot meal they get... The Tories caused this problem in the 1980s when they changed the rules to deny free school meals to half a million children living in families who were working but on low incomes. The Government must now look at restoring the entitlement to free school meals to this group—including to families on working tax credits."

It is very interesting that the right hon. Gentleman said that.

I looked through the coalition agreement to see what the coalition is saying about school food and school meals. I was very disappointed that, in section 26 of the coalition agreement, there was no mention at all of school food and school meals, despite the right hon. Member for Yeovil making it very clear what he wanted to happen. I also looked under the public health section of the coalition agreement—section 25—where it sets out that

> "The Government believes that we need action to promote public health, and encourage behaviour change to help people live healthier lives."

What better way is there to do that than by introducing free school meals? Unfortunately, however, there is no mention of free school meals in the coalition agreement.

George Freeman (Mid Norfolk) (Con): Will the hon. Lady confirm that, in fact, the Government are not proposing to scrap the pilot, nor indeed—contrary to some impressions given in some places—to scrap free meals? The pilot will continue, but we are not extending it. It turns out that the promise to extend the pilot was an unfunded promise by the former Government. Having inherited bankrupt public finances, it would be irresponsible to continue to do something for which there is no money.

Diana R. Johnson: I take issue with the hon. Gentleman, because I think that the promise to extend the pilot was a funded promise. At the end of last year, the pre-Budget report set out very clearly that, because of the success of the pilots in Durham, Newham and Wolverhampton, it was absolutely right and proper to extend the pilots, so

[Diana R. Johnson]

that there would be one in every region of the country. We would therefore have gained further evidence on which to make a very informed decision at the end of the two-year pilot about whether free school meals really work for our children and help to achieve the last Government's goal of eradicating child poverty by 2020.

It is very unfortunate that the new coalition Government have said that they are committed to the goal of eradicating child poverty by 2020, yet a number of policy announcements that they have made in the past few weeks seem to fly in the face of that commitment. For instance, tax credits have been cut, child benefit frozen, free swimming for children and the child trust fund abandoned, and the extension of the free school meals pilots is now being abandoned. *[Interruption.]* I must finish.

On increasing the eligibility for working families tax credit, which was a very sensible approach that would fit in very well with the coalition Government's attempt to get people into work, it was very short-sighted indeed to abandon that policy, as many hon. Members have said today. My hon. Friend the Member for Bishop Auckland (Helen Goodman), who was a Minister in the previous Government, made it very clear not only that that policy would get 50,000 children out of poverty at a stroke, but that it was the most cost-effective way of doing so. The Department for Work and Pensions had worked through various models and that approach was seen to be the best.

I am very much looking forward to what the Minister has to say about why the coalition Government have taken the step of abandoning that policy so early on and why they have not allowed the extension to the pilots that was announced in the pre-Budget report in December 2009 to go ahead, so that we could build up the evidence base. I have heard lots from coalition Ministers about how they want to make decisions based on evidence, so it is very unfortunate that the opportunity to acquire that evidence has just been recklessly abandoned.

10.46 am

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I begin by congratulating the hon. Member for Washington and Sunderland West (Mrs Hodgson) on securing this important debate. She is a passionate advocate for children and young people. She served on the Children, Schools and Families Committee for more than two years, and I know that she shares the ambitions of everyone in the coalition, and indeed of everyone across the House, to obtain a better future for all children in this country. She and I have sparred in Westminster Hall on a number of subjects, ranging from the repatriation of the Lindisfarne Gospels, which I think we discussed some time ago, to many issues affecting children. I also thank the hon. Member for Kingston upon Hull North (Diana R. Johnson), the former Minister, for her kind words. I think that this is the first time that we have experienced this juxtaposition in a debate since the election.

We have had a good-quality debate today, with very powerful and well-informed contributions from the hon. Members for City of Durham (Roberta Blackman-Woods), for Stretford and Urmston (Kate Green) and for West Ham (Lyn Brown). We have also heard some interesting references to Sweden. Everybody who travels east to Scandinavia seems to come back with different interpretations of what is good there and what could be transferred to this country. Of course, there has also been mention of turkey twizzlers on more than one occasion; such a reference is inevitable when one talks about food and young people.

I agree that free school meals have an important role to play in addressing poverty and inequality, and I do not think that anyone is disputing the importance of their role. Like the hon. Member for Washington and Sunderland West, who opened the debate, the coalition Government are committed to closing the attainment gaps that exist in our society, not least in education, which is so important to ensuring that every child gets the best start to their life.

However, before we discuss in detail why free school meals and healthy eating in schools are so important, I just want to address head-on a particular issue that has been raised about free school meals. The hon. Member for Washington and Sunderland West referred to a "leaked memo"—there seem to be lots of leaked memos at the moment. It has been suggested that the budget for free school meals will be diverted to the new free schools that we are looking to introduce. At this stage, it might be helpful to remind hon. Members of the very strong and positive commitment that was made in the House by my right hon. Friend the Secretary of State for Education in direct response to that point. He said:

> "Under no circumstances will I take for the free schools programme money intended to extend free school meals to poor children. That money will go towards raising attainment among the poorest children."—[*Official Report*, 21 June 2010; Vol. 512, c. 27.]

I shall clarify further what the Secretary of State said.

Lyn Brown: I would like some clarification of what that actually means. The Secretary of State says that he will not take money from free school meals to put into free schools because he wants to put it into raising attainment for poorer children. Does that mean that the free school meals budget is under threat because it will be used to pay for a different scheme, idea or notion?

Tim Loughton: No, and I will come to that. It means exactly what the Secretary of State said. Money for free schools will not come from any of the budgets around free school meals. The money that will now not be used for the extension of free school meals, which was never budgeted for, will be used for other methods of improving educational attainment within our schools and closing the gap which, as the hon. Lady agrees, is essential.

Rachel Reeves: Will the Minister give way?

Tim Loughton: I will give way once more, but if I give way an awful lot, no one will get to hear the answers that many Members wanted.

Rachel Reeves: We need more clarity. The previous Labour Government said that the extension of the free school meals pilots next year would cost £85 million and the new Government say that it will cost £125 million. The gap is only £40 million. If the £85 million is there, what will it be spent on? I think that that is the point that my hon. Friend the Member for West Ham (Lyn Brown) was making. Will that money be used for something

else? Will it be used to pay down the deficit? For what, precisely, will the money earmarked for the scheme—money that the Minister has said is available—be used?

Tim Loughton: If the hon. Lady is patient, she will hear more detail.

Over three years, the extension of the scheme would have cost £295 million, for which the previous Government did not budget. That is a simple fact. It was immoral of the previous Government to lead people to believe that they could extend the free school meal programme without making any provision for funding it. Furthermore, in this debate, hon. Members have not just been talking about extending the free school meal entitlement; they have been talking as though the last Government wanted a universal free school meal entitlement. That was never a manifesto commitment. If hon. Members are now talking about a universal free school meal programme, where will that money come from? Which programmes would they cut? They cannot have it both ways.

To return to the points that many hon. Members want addressed, I will clarify exactly what the Secretary of State for Education said. He has reallocated £50 million in direct funding from the harnessing technology grant to create a standards and diversity fund, thus reinventing a fund set up by the previous Government in 2006, but stopped in 2009, that was intended to create diversity of provision in the school system. The fund will now provide capital funding for free schools until 31 March 2011. Funding for free schools beyond that will be a top priority for the Department in the forthcoming spending review. I would like to make it clear that the new free schools will be funded on a basis comparable with other state-funded schools and that, as is the case now, money will follow the pupil within the funding system.

To return to the issue of free school meals, we are of course extremely disappointed that we cannot proceed with the previous Government's proposal to extend the free school meals pilots. It would be good for more children to have access to free school meals. I agree with hon. Members that there is no doubt that free school meals help families and children in need across the country. However, the previous Government underfunded the programme to the tune of £295 million over the next three years, and we are not prepared to cut front-line budgets to support an as yet unproved scheme. We have therefore taken the difficult decision, from this September, not to extend free school meals to maintained nursery and key stage 1 pupils from working families on low incomes. We have also decided not to provide funding from central Government for the further five local pilots mentioned.

Let me be clear: we are absolutely not taking free school meals away from anyone who is eligible. The hon. Member for Washington and Sunderland West said that my right hon. Friend the Secretary of State would become known as the meal snatcher. No child currently eligible for free school meals will lose that entitlement. Nothing is being taken away. However, the extension that the Labour Government promised but failed to fund will now no longer take place.

Kate Green: Does not the Minister accept that that in itself is a significant blow to many low-income families who expected that, from this September, their stretched family budgets would have been helped by the extension of the pilots, which will now not take place? Does he not regret that?

Tim Loughton: That was a false expectation given by the previous Government. The biggest disappointment is that those people have been misled about something that was never funded. We are not taking free school meals away from anyone who is eligible, nor are we changing the rules for determining eligibility. All those who currently qualify for free school meals will continue to receive them.

We have taken what we believe to be the most important decision: schools should use their budgets this year to focus on our priority of improving attainment, which is key to improving the life changes of all children. Not extending free school meals or continuing with additional pilots will free up £160 million this year—if the hon. Lady who asked the question will put down her BlackBerry and listen to my answer—and we can use that money more effectively and directly to improve attainment in our schools.

Although we will not be extending free school meals, we are still interested to know whether there is a case for expanding the scheme. That is why we are committed to continuing the ongoing pilots in Newham, Durham and Wolverhampton that started in September 2009. I have been to Newham, and I will certainly repeat hon. Members' praise of its mayor, Sir Robin Wales, not only for what he has done with free school meals but for the free musical instrument programme, which is particularly interesting and something that we want to consider further. The pilots will be carefully evaluated so that we can learn the lessons from them in order better to assess the case for increasing eligibility in the future.

Although we cannot extend eligibility, we would like to see a rise in take-up. At present, many eligible pupils—we estimate nearly 600,000 children, or a quarter of those entitled—do not take up their free school meals. That situation must change. Is it an issue of stigmatisation, as hon. Members have suggested? I am interested in the imaginative use of technology. For example, at Roseberry college, which is in the constituency of the hon. Member for City of Durham, a new cashless payment system removes any potential stigma and has increased the take-up by eligible pupils from less than half to more than 90%. That interesting example could be replicated throughout the country. I hope that all would agree that our schools should do everything they can to ensure that eligible pupils take up their entitlement.

Good free school meals are important not just to tackling poverty, but to ensuring the health of our children. They often represent the only nutritious meal in some children's day. That is why it is vital that schools continue to serve healthy food and ensure that their pupils eat well, which extends beyond the quality of the meals. Ofsted findings and surveys by the School Food Trust, which was mentioned by the hon. Member for Stretford and Urmston, show that it is not nutritional changes that put children off school lunch, but poor dining facilities and organisation. If there is nowhere to sit, if the queues are long, if the dining rooms are unattractive or if there is not enough time, children will not eat properly.

School meals also have an important social element. The lunch hour should be a proper part of the day—we view that as a priority. It should include time to eat a good meal, to exercise and to socialise. We know that children do not perform as well in the afternoon without a good break, and we agree that school meals can have

[Tim Loughton]

social benefits. I am pleased to report that some progress is being made. An Ofsted report last week found that good progress has generally been made towards meeting the standards for school food. That is good news, especially for children benefiting from free school meals.

Despite being unable to extend free school meals, we as a Government are absolutely committed to fighting poverty and raising the life chances of the most vulnerable in our society. Section 14 of the coalition document, which the hon. Member for Kingston upon Hull North did not mention, confirms the Government's commitment to ending child poverty by 2020. Although the previous Government can be commended for the introduction of the Child Poverty Act 2010, which both coalition parties supported, we are disappointed by the latest figures showing that 2.8 million children in this country were still in poverty in 2008-09. The previous Government spent a substantial sum on tax and benefits in an attempt to raise people above the 60% poverty threshold, yet the evidence shows that that simply did not work. We believe that the best way to tackle child poverty is to address the root causes: entrenched worklessness, economic dependency, family breakdown, educational failure, addiction and debt.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Will the Minister give way?

Tim Loughton: I am almost out of time, so I will not.

Those are only some of the drivers of poverty. Our approach must be able to tackle each of them. We will do so by taking a multi-faceted approach that recognises the different factors that trap people in poverty. Only by doing so can we effectively and sustainably improve outcomes for children. That was why the Prime Minister announced an independent review of poverty in the UK, led by the right hon. Member for Birkenhead (Mr Field), whom his hon. Friend the Member for Stretford and Urmston mentioned in not particularly glowing terms. The review will consider what the Government can do to improve the lives of the least advantaged people in our society. We will be working closely with other Departments to ensure that we tackle the issue head-on. At the heart of the programme is a commitment to spending more on the education of the poorest.

That is why we are introducing the pupil premium. It was one of the first things promised by this Government and it will tackle head-on the problems of the most disadvantaged pupils by helping them get the education they desperately need. The pupil premium is supported by the Conservatives and was championed loudest by the Liberal Democrats. By giving resources to school leaders and teachers—the people who matter most in extending opportunity—we can ensure that our most disadvantaged pupils have better life chances than ever before.

I reiterate my thanks to the hon. Member for Washington and Sunderland West for securing the debate. We as a Government are committed to ensuring that pupils can eat good, healthy food.

Parliamentary Allowances and Short Money

11 am

Mr Nigel Dodds (Belfast North) (DUP): It is a pleasure to serve under your chairmanship, Mr Weir. I want to focus attention on something that I believe represent one of the greatest errors of the previous Government: the special treatment that has been given to abstentionist Members of Parliament that enables them to claim Westminster allowances and the Short money that is supposed to be used for the purposes of parliamentary activities.

There is only one elected party in the House that refuses to take its seats, so that policy is not driven by a need to address a general problem. The problem is one single party seeking and getting preferential treatment. There is now a special status of MP, and the principle that the same is expected of and awarded to all Members of the House equally has been abandoned. A number of us have been absolutely consistent on the issue. We opposed the original decision to grant these allowances; we supported the attempts by the then Conservative Opposition to overturn them; and we believe that now is an opportune moment—in a new Parliament, with new politics and with the public concern that rightly exists about the wastefulness of public expenditure, value for money and so on—to turn our attention once again to the issue, particularly given the promises made by senior members of the Conservative party in the run-up to the election.

The issue arose in 1997 and in 2001, with the respective Speakers of the House at those times ruling that Sinn Fein should not be granted allowances. On 14 May 1997, the then Speaker, Betty Boothroyd, said:

"those who choose not to take their seats should not have access to the many benefits and facilities that are now available in the House without also taking up their responsibilities as Members."—[*Official Report*, 14 May 1997; Vol. 294, c. 35.]

Sinn Fein challenged that ruling in the courts. Indeed, it took the case to the European Court of Human Rights, no less, and was unsuccessful both in the domestic courts and in Europe, which demonstrated that the decision was perfectly just and correct. Given the courts' dismissal of the various legal challenges, it is spurious to defend the present situation by saying that it recognises of the rights of a section of the electorate.

In 2001, the then Labour Government presented a motion to reverse the decision of the Speaker, although that motion did not apply to Short money. It is now worth reminding those who sit on the Government Benches what they said while they were in opposition. I exclude from that the Liberal Democrats, including the Deputy Leader of the House, who will respond to the debate, because I understand that they abstained or did not take a particular position one way or another throughout the discussion of the issue.

I hope that Conservative Members who are now in government will clearly spell out the opposition to the position that was evinced during the Conservatives' days in opposition. One Conservative spokesman—Quentin Davies, the then shadow Secretary of State—denounced the proposal when it was first introduced, saying that it involved

"more unreciprocated concessions to Sinn Fein-IRA"

and

"treating the rules of the House of Commons as the currency for such concessions."

The argument that Sinn Fein received comparable allowances in the Northern Ireland Assembly was advanced as a justification, but the then shadow Secretary of State said rightly:

"There is in fact no comparison at all between the position in Stormont and that in the House, because Sinn Fein-IRA have agreed to take their seats in the Assembly at Stormont and in the Executive there".—[*Official Report*, 18 December 2001; Vol. 377, c. 160-162.]

When an equivalent to Short money was provided to Sinn Fein, such opposition in principle was restated by the right hon. Member for Maidenhead (Mrs May)—now Home Secretary—when she said:

"The issue before us is not about the Northern Ireland peace process or about the resumption of the Assembly; it is about the role of Members of parliament, what it means to sit in the House and the nature of the job of being an elected representative of this place. It is primarily on that basis that we oppose the action that the Government are seeking to take and will be voting against the motions."—[*Official Report*, 8 February 2006; Vol. 442, c. 912.]

Mr Gregory Campbell (East Londonderry) (DUP): Is not the patent absurdity of this that all of us, as Members of the House, receive expenditure for staying in London when we attend Parliament, yet there are MPs who do not attend Parliament but still obtain the expenses and the allowances?

Mr Dodds: My hon. Friend raises a very important point. Indeed, in the immediate aftermath of the coverage of the expenses scandal, it was revealed that Sinn Fein Members were claiming nearly £500,000 in accommodation costs for being in London primarily on parliamentary duties although they do not even attend the House. I can describe the situation no more eloquently then the current Secretary of State who, in light of that particular point, said in the *Daily Mail* on 8 April 2009:

"It is completely unacceptable for Sinn Fein representatives, who won't even sit in Parliament, to claim hundreds of thousands at the taxpayers' expense."

Dr William McCrea (South Antrim) (DUP): We have just faced an emergency Budget in which there were no concessions for pensioners, disabled people or families living in poverty. Why should this Government allow a situation in which continual concessions are made to a party that does not come to this House?

Mr Dodds: My hon. Friend makes a very good point on behalf of the many thousands of people in Northern Ireland—and indeed right across the United Kingdom—who find it incomprehensible that public money should be spent in this way. That view is shared by the Secretary of State, who said on 8 April 2009 in *The Guardian*:

"it is inconceivable that incoming Conservative MPs would vote to continue paying millions of pounds of public money to elected members who do not take their seats."

We look forward to the Secretary of State, other members of the Government and Government Back Benchers fulfilling their clear, unambiguous promise and commitment to ensuring that millions of pounds of public money are not wasted, as at present, through a two-tier system for Members of Parliament.

I simply offer to Conservative Members the arguments set out in their own words and, as I said earlier, I gently remind the Liberal Democrats them that they chose not to take any position on the issue and granted their Members a free vote. I have no doubt that if the matter were put to the House, there would be a clear majority in favour of removing these allowances, which should never have been granted in the first place.

An argument that has been advanced—it was cited at the time—is that the granting of allowances and so on is a step towards normalisation and that that is necessary to encourage Sinn Fein towards full democratisation and participation in the political process. Indeed, it was felt by some that such a policy would encourage Sinn Fein Members to come to Parliament—effectively killing abstentionism with kindness. That could be one interpretation of the Prime Minister's recent comments in the House, which I will come on to in a moment.

The granting of allowances to Sinn Fein in 2001 has demonstrated the poverty of that particular argument, however. Following the decision, John Reid, the then Secretary of State for Northern Ireland, predicted that Sinn Fein would end its policy of abstention. The Sinn Fein leader, Gerry Adams, has made it absolutely clear that

"There will never, ever be Sinn Fein MPs sitting in the British Houses of Parliament."

Martin McGuinness has added for good measure that even if the Commons Oath were removed, Sinn Fein Members would still refuse to take their seats. Let no one in this House be under any illusion that bending over backwards, granting allowances, changing and bending the rules, creating a two-tier system of Members of Parliament and interfering with the Oath of Allegiance that Members take will have the slightest impact on Sinn Fein Members taking their seats here in the House of Commons.

Beyond the past debates on the decision, there is also a wider issue of confidence in politics, which I have raised on a number of occasions in this Parliament. That issue was examined by the Kelly review, but the subsequent report made it clear that the decision lay in the political arena by stating:

"The decision to give Sinn Fein Members the right to claim for the full range of expenses without taking up their seats in Parliament was a political one, taken in the light of the particular circumstances of Northern Ireland."

That is an interesting comment. I would have thought that such a decision should be taken in the interests of the whole House, not in the interests of the political process in Northern Ireland. The report continued to say:

"Removing it would also be a political decision."

When I raised the matter recently in business questions, along with the hon. Member for Beckenham (Bob Stewart) and others, the Leader of the House replied that it would now be a matter for the Independent Parliamentary Standards Authority. IPSA has stated:

"The Oaths Act 1978 established the position that MPs who do not take the oath may not receive a salary; a Government motion passed through the House of Commons in 2001 established the position that MPs who do not take the oath may claim expenses related to their Parliamentary business. IPSA regards itself as obliged to follow these motions and intends to do so unless the House decides otherwise."

[Mr Dodds]

It is therefore clear that IPSA will administer whatever system is put in place by the House, but it remains for the House to decide whether abstentionist Members are entitled to allowances and Short money. Even the administration of Short money is still a matter for the House authorities, rather than IPSA.

David Simpson (Upper Bann) (DUP): Is my right hon. Friend aware that while other Members had to pay back money following the review of allowances, one Sinn Fein Member who claimed £18,000 last year for travelling to London, despite having come to London only once, has not had to pay back one penny?

Mr Dodds: My hon. Friend is right to highlight that matter, which was previously raised by my hon. Friend the Member for East Londonderry (Mr Campbell). In the public mind, that beggars belief, and people cannot understand why some Members receive allowances to carry out parliamentary duties in London when they do not attend the House in London. I read in the news today that a Sinn Fein spokesperson has again attempting to justify that by saying:

"We negotiated the right to have offices and costs and expenses so that we can properly and thoroughly represent those who vote for us."

Well, the fact is that Sinn Fein Members do not properly and thoroughly represent those who vote for them, or those who do not vote for them, because they do not come here. One of the main roles of an MP is to be in the House, taking part in its activities and debates. If Members do not do that, they should not be entitled to the rights, privileges, costs, offices and allowances that come with being an MP.

My hon. Friend the Member for South Antrim (Dr McCrea) mentioned the question of money. When everything is taken into account—from Short money to allowances—it is clear that Sinn Fein Members will claim between £3 million and £4 million over the course of this Parliament unless something is done about it. That is absolutely unacceptable.

The situation with Short money is even more untenable. The motion on Short money that was passed on 8 February 2006 created a special and distinctive scheme specifically for Sinn Fein—for Opposition parties

"represented by Members who have chosen not to take their seats".

The resolution states that the money is to provide for

"expenses wholly, exclusively and necessarily incurred for the employment of staff and related support to Members designated as that party's spokesman in relation to the party's representative business."

For the rest of us in the House, whether Labour Members, Liberal Democrats, those representing smaller Northern Ireland parties or Members of any other party, all the funds granted as Short money must be used to support parliamentary business only. We have no equivalent extension for "representative business". That term is so wide that it is meaningless; the money can be used for virtually any activity one cares to think of. I am sure that there are Members in the House who would love to be provided with public money under such terms so that they would not have to account for whether it is spent on activities that fall within the category of parliamentary business.

We now know the scrutiny that is rightly given to the expenditure of such moneys, and yet we have a resolution passed by the House, which was introduced by the Labour Government, that allows for a fund that gives Sinn Fein hundreds of thousands of pounds over the course of a Parliament to carry out all sorts of activities, while other parties that might have won far more votes cannot access public money for the same activities. That points once again to the absurdity of the current arrangements.

By way of conclusion, I will refer to the Prime Minister's recent response to my hon. Friend the Member for South Antrim during Prime Minister's questions:

"There is not a case for Sinn Fein Members not to take their seats. I think that at the moment we let them off the hook, so I would like to re-examine the argument and see if we can find a new way of doing this."—[*Official Report*, 23 June 2010; Vol. 512, c. 291.]

There will be an enormous backlash not only among Members, but among the wider public, if we go down the route—I hope that the Prime Minister is not suggesting this—of once again setting aside the proper rules and procedures of the House to try to accommodate Sinn Fein. As I have already illustrated in my remarks, that will be to no avail anyway, because Sinn Fein Members will pocket that as a concession and claim their expenses and allowances having once again diminishing the British status of Members of Parliament from Northern Ireland, but they will not in turn take their seats.

I appeal to the Government to deliver on the promises they made in the run-up to the election and for the Secretary of State or the Leader of the House to come forward with a motion to implement what I believe is a sensible proposal: to make all Members in this House truly equal. There is nothing to stop Sinn Fein Members coming to this House and receiving allowances and Short money, but they should be required to do what the rest of us do by representing their constituents properly in this House.

11.17 am

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath): I congratulate the right hon. Member for Belfast North (Mr Dodds) on securing the debate and on the way that he introduced it. We are fully aware of the strong views held on all sides of the argument, but he has expressed his view on behalf of his party extremely well. I am also pleased that he has the support of his colleagues who intervened—the hon. Members for East Londonderry (Mr Campbell), for South Antrim (Dr McCrea) and for Upper Bann (David Simpson). The matter of allowances for elected Members who do not take their seats has always been controversial. I hope that the right hon. Gentleman will forgive me if I cover the same history that he mentioned in his remarks, but it is crucial to our understanding of where we are in relation to allowances.

The matter was first raised by Sinn Fein in 1997 with the then Speaker, now Baroness Boothroyd, who clearly and explicitly upheld the long-standing convention that Members who did not take their seats should not have access to the House's facilities on the grounds that the House does not permit what she described as "associate

membership." That decision was subsequently upheld by her successor as Speaker, now Lord Martin of Springburn, following the 2001 election.

In December 2001, the House debated and agreed a motion to permit elected Members who had not taken their seats to have access to the House's facilities, including allowances, to support them in their representative work on behalf of their constituents. On 8 February 2006, a similar decision was taken on representative money, to which the right hon. Gentleman referred and which is analogous to Short money. That resolution provides for the payment of

"expenses wholly, exclusively and necessarily incurred for the employment of staff and related support"

to parties represented by elected Members who choose not to take their seats, and by statutory requirement, political parties whose Members do not take their seats are not eligible to receive policy development grants. As the right hon. Gentleman has pointed out, Members who do not take their seats cannot have parliamentary duties; none the less, they are the elected representatives of their constituents and have representative duties in which the provision of allowances is intended to support them, on the basis that the House previously agreed.

As we are all aware, there has been a much wider debate on allowances over the past year. The Committee on Standards in Public Life recognised when it reported in November that the decisions on allowances for elected Members who did not take their seats were political, as the right hon. Gentleman pointed out. The previous Government promoted the arrangements specifically—it would appear—to support the political process in Northern Ireland and to encourage Sinn Fein to play a greater role in mainstream politics.

The right hon. Gentleman brought up the position adopted by parties in previous debates and before the general election. There are Members who have always opposed the decisions on the grounds that all MPs elected to serve at Westminster should carry out their full duties in representing their constituents, and that includes participating in the business of the House. They have always seen this as primarily a House of Commons issue and agreed with Speaker Boothroyd at the time on "associate membership" of the House. He also said that some Members have always taken the view that the matter should be subject to a free vote—that is, it is for individual Members rather than the parties.

Since the decisions were taken, circumstances in Northern Ireland have changed considerably. We have a new devolutionary settlement, which is at the heart of the peace process. Northern Ireland is now firmly set on the political path, with Sinn Fein Members playing a full role in the Assembly. Though dissident republicans continue to try to undermine those who are committed to the political process, there is no question—I hope and pray—of a return to the troubled decades of violence. As a result, it is time for us to look again at the issue. It is clear that there are real and strongly felt issues of principle under discussion.

The Belfast agreement is clear: Northern Ireland is, and will remain, part of the United Kingdom until or unless a majority of the people of Northern Ireland vote otherwise. Sinn Fein has accepted the consent principle set out in the agreement, and there is therefore no good reason why its Members should not take their seats at Westminster. Whatever arguments were made in 2001 and 2006, they were made in a different political context. Northern Ireland has moved on. The principle for the future must be that all elected Members should take their seats and play as full a role as possible as Members of the House.

Jim Shannon (Strangford) (DUP): The Deputy Leader of the House clearly indicated that there would be a change. I am reminded of a book that I studied at school—"Animal Farm". It said:

"All animals are equal, but some are more equal than others."

It is time that all the animals on the farm were equal, and Sinn Fein has to be equal to the rest of us. If we are accountable to a process as democrats, Sinn Fein is equally subject to it. Reassurance from the Deputy Leader of the House is good news, but can he give us a time scale on how this will work?

Mr Heath: I am grateful to the hon. Gentleman for his comments. I cannot set out a clear timetable, but if he listens to what I have to say in my later comments, I hope that he will be reassured that the Government take the matter very seriously.

My right hon. Friend the Prime Minister already made his position clear, although not, I suspect, as clear as the right hon. Member for Belfast North would wish. In answering the question from the hon. Member for South Antrim on Wednesday on allowances, he stated:

"My views about this issue are on the record, and they have not changed. I would like to see if we can make the argument. There is not a case for Sinn Fein Members not to take their seats. I think that at the moment we let them off the hook, so I would like to re-examine the argument and see if we can find a new way of doing this."—[*Official Report*, 23 June 2010; Vol. 512, c. 291.]

In addition to the changes in Northern Ireland, there have also been shifts in the parliamentary landscape that will need to be considered. The creation of IPSA was an essential step in cleaning up politics by bringing to an end the discredited system of self-regulation. Allowances, as my right hon. Friend the Leader of the House said, are, of course, now a matter for IPSA, not for the House. However, the right hon. Member for Belfast North is correct in what he said about IPSA's approach; I understand that it intends to observe the status quo by continuing to pay allowances, but not salaries, to Members who do not take their seats. Last Wednesday, IPSA set out its position as follows:

"a Government motion passed through the House of Commons in 2001 established the position that MPs who do not take the oath may claim expenses related to their Parliamentary business. IPSA regards itself as obliged to follow these motions and intends to do so unless the House decides otherwise."

A question was raised on how IPSA interprets those decisions in terms of the criteria applied to individual expenses claims. I assume and hope that IPSA will apply exactly the same criteria to a claim from a Sinn Fein Member as it would to any other Member of the House.

Kate Hoey (Vauxhall) (Lab): I want to ensure that the Deputy Leader of the House is aware that it is not only Members from Northern Ireland who feel strongly about this; many Labour Members voted against the original decisions. I welcome the move that he appears to be

[Kate Hoey]

making, but we need to do this quickly, because it is just not fair. The new coalition Government were elected on one thing more than any other—fairness.

Mr Heath: I know that there were views across the House that were at variance with the previous Government's position when the decisions were taken.

Representative money is a matter for the House. Any change to the current position requires a decision of the House and a debate at which Members can again put forward their views.

I have listened carefully to the right hon. Gentleman's arguments, and to those of his hon. Friends and others. I will ensure that the arguments raised are drawn to the attention of my right hon. Friends the Leader of the House, the Secretary of State for Northern Ireland and the Prime Minister. The Government will listen to all sides of the debate, but we are mindful of the very strong views that have been expressed in the debate today and the real issues of principle at play in relation to financial assistance for those MPs who do not take their seats.

Over the coming months, Ministers will be talking to all Northern Ireland parties to address how to take the issue forward in light of the views and clear issues of principle we discussed today. The right hon. Gentleman has my assurance of that. I congratulate him on securing the debate and on expressing his views clearly and precisely. I will ensure that they are communicated to my right hon. Friends who will deal with the matter in the future.

11.29 am

Sitting suspended.

Regional Spatial Strategies

[Mr Joe Benton *in the Chair*]

2.30 pm

Mark Lancaster (Milton Keynes North) (Con): It is a pleasure to serve under your chairmanship for the first time in this Parliament, Mr Benton. This is a timely and important debate, as we can see by the number of hon. Members who wish to participate. I am sure that they will be pleased to hear that I intend to be brief, simply so that I give others the opportunity to speak. All I ask in turn is that they might be equally brief to ensure that we give the Minister ample opportunity to reply, because this is definitely one of those debates in which the answers are even more important than the questions.

The expansion of Milton Keynes has always been a key issue in my constituency. I remember as long ago as 2003 sitting in the kitchen of one of my local councillors, David Hopkins, and discussing how best to tackle the then Government's dictatorial approach to expansion. It was at that meeting that the slogan "I before E"—or infrastructure before expansion—was born. That phrase is now used by many others, including even the Prime Minister.

The slogan is good because it says two things. The first, which is obvious, is that we need infrastructure before expansion. Secondly, it says that we in Milton Keynes are not opposed to expansion per se. All too often the Opposition have liked to portray some in the House as nimbys as a justification for their centralist housing strategies, but the people of Milton Keynes certainly are not nimbys. However, I believe strongly that if any development is to be sustainable, it must have the support of local people.

The success of the I before E campaign has been such that the principle is now accepted by all political parties, but issues around expansion continue to be a major concern for Milton Keynes council and for people in the city and rural areas. Since 2004, when the then Deputy Prime Minister, John Prescott, stated that the south-east must build 1 million more homes, of which the Milton Keynes share would be an extra 70,000—in effect, the move would have enlarged Milton Keynes to a size equivalent to Bristol—there have been concerns that the decision was made without any cast-iron guarantee of an improvement to key infrastructure. Since then, various quangos with ever-changing names have had control over when, where and how Milton Keynes should expand, often against the advice of experts and, more importantly, against the wishes of local people, whose views have been ignored.

Lorely Burt (Solihull) (LD): I congratulate the hon. Gentleman on securing the debate and understand exactly where he is coming from. Central Government diktat originally provided for a town the size of Lichfield right in the middle of our green belt, but we managed to get it down to half as much, as we ourselves had assessed was needed. We welcome the change of Government and of strategy, but there are still issues. Does the hon. Gentleman agree that some areas do need a regional strategy and that it is important that we do not throw the baby out with the bathwater? For example, we need to think about regional provision for Gypsies. I hope that when the Minister gives his comments—

Mr Joe Benton (in the Chair): Order. The hon. Lady's intervention is becoming slightly lengthy.

Lorely Burt: I am sorry, Mr Benton. I beg your pardon.

Mark Lancaster: I am grateful for the hon. Lady's intervention. She makes a powerful point, and we shall indeed find out what the Minister has to say.

In my constituency, local people were occasionally consulted. However, all too often, it was clear that the decisions had already been made and that lip service was being paid to local people through sham public consultations. Indeed, two years ago, I came to this Chamber to try to convince the then Minister, the hon. Member for Hartlepool (Mr Wright), that his Department's decision to impose 4,500 extra homes in rural north Buckinghamshire completely out of the blue was a mistake. It went against not only local residents' wishes, but the advice received from Milton Keynes Partnership and the Department's own advisers, all of whom felt that the decision was not in the interest of the city or its rural residents.

Thankfully, the right hon. Member for Salford and Eccles (Hazel Blears), the then Secretary of State for Communities and Local Government, listened to reason and the decision was eventually overturned. I was grateful to her for reversing it, but we should not have had to go through that process in the first place. Common sense was finally seen, but that was a clear example of how the previous Government, with their Whitehall-decreed targets and unelected quangos, tried to run roughshod over the desires of local people. That is why I am so pleased that the new coalition Government have listened, and I hope that the days of top-down targets are limited.

Despite that minor victory in this Chamber two years ago, we have still seen house-building targets that were too large for local economic needs. As I said, there is no blanket opposition in Milton Keynes to the expansion of the city, but there is a feeling that it must be done at a sustainable pace and following the I before E philosophy. For example, 1,300 new homes were completed in Milton Keynes in 2009-10, but only 600 jobs were created. The current requirement is that 1.5 jobs are created per new home built.

It was therefore with great relief that on 27 May I received a letter from the new Secretary of State outlining his plans to abolish regional spatial strategies. I am pleased to say that I not only welcome the move; it is broadly supported by Milton Keynes council and local residents. Of course, there is a minority who view any change as a threat, and I called for the debate precisely so that the Minister would have an opportunity to put meat on the bones of the Secretary of State's announcement and to allow local authorities up and down the land to begin to plan ahead as a result of the Government's decision.

In effect, the abolition of the regional spatial strategy makes Milton Keynes council the policy maker for planning in central Milton Keynes, while Milton Keynes Partnership remains in charge of development on the eastern and western flanks of the city. However, the reality is that because the principal expansion areas are under the control of Milton Keynes Partnership, it is the Homes and Communities Agency, through Milton Keynes Partnership, that has dictated the amount, direction and speed of growth in Milton Keynes, not the democratically elected local council.

My first question to the Minister is: how will that relationship change? Will there be only one planning authority for Milton Keynes in the future, and will it be the council? To that end, does he intend to revoke the statutory instrument that gives Milton Keynes Partnership its development powers, and what future role does he anticipate for the partnership?

Secondly, will the scrapping of the regional spatial strategies be achieved through existing regulations or via a forthcoming Bill? Thirdly, will the Government put in place an interim mechanism that will allow local planning authorities to resist or defer planning applications for development above a certain size during the transitional period so that they are able to take stock and revisit their sustainable growth requirements?

Fourthly, and in line with that, will the Minister consider implementing a framework that ensures that the building and land assets of the Homes and Communities Agency and Milton Keynes Partnership are managed in line with the policy set by Milton Keynes council? Fifthly, how will the Government ensure that local councils take another look at their current housing plans and modify them if that is in the best interests of local people? On the flip side of the coin, how will the incentives and rewards to local authorities for building more homes and promoting greater economic growth be implemented?

Sixthly, will the Minister explain the funding mechanism for the future infrastructure projects that will be necessary for future residential properties? At present, Milton Keynes has a local tariff that is based on a per-property financial contribution to infrastructure, but that accounts for only a relatively small percentage of the amount that is required. Where will the remaining funding come from?

Finally, Milton Keynes lies on the border of three counties—Bedfordshire, Buckinghamshire and Northamptonshire—and three regions: the south-east, east midlands and eastern regions. Can the Minister outline what mechanism will be available to ensure that the various stakeholders from those authorities can and will work together to come up with a consensus position that would benefit everyone in the cross-regional area?

I welcome the Secretary of State's decision to abolish regional spatial strategies and commend him for the leadership that he has shown in this matter. The Minister will, however, appreciate that the decision actually raises several important questions, some of which I have tried to outline this afternoon. I know that I speak for local authorities up and down the country when I say that the sooner we have answers, the sooner local authorities will be able to move forward in implementing local wishes.

2.39 pm

Mr Philip Hollobone (Kettering) (Con): I congratulate my hon. Friend the Member for Milton Keynes North (Mark Lancaster) on his excellent speech and on his wisdom in choosing today's topic for debate. May I congratulate the Minister on abolishing regional spatial

[Mr Philip Hollobone]

strategies so quickly? I hope that the mechanism that formalises the abolition will be introduced as quickly as possible.

Kettering is a wonderful constituency, but it has the misfortune to lie within the Milton Keynes and south midlands sub-regional spatial strategy area. The previous Government put in place arrangements to increase the number of dwellings in the borough of Kettering by one third—from 36,000 to 49,000—by 2021. However, such a rate of growth is not supported by local people and will place a huge strain on our local infrastructure.

Below the regional spatial strategy, a core spatial strategy was constructed for the area of north Northamptonshire—Kettering, Wellingborough, east Northamptonshire and Corby—and below that was the local development framework for each of the boroughs and districts. All those arrangements were complicated, although they were eventually understandable.

The local development framework and the core spatial strategy for the borough of Kettering are already signed off, approved and in place. What can local people do about the strategies and frameworks that have already been signed off? I strongly suspect that my constituents would like the housing numbers in the documents that I have mentioned to be revisited. Yes, we understand that the housing numbers beyond 2021 that were pencilled in as part of the regional spatial strategy have now gone, and that local people and local authorities can decide what numbers are appropriate, but local people want to know what can be done about the existing strategies and frameworks that are in place up to 2021.

My personal solution is for the 13,100 extra houses that are planned for the borough of Kettering by 2021 to be made the target for 2031. The implied rate of housing growth in the borough of Kettering over that 31-year period since the beginning of the strategy in 2001 would then be some 400 new dwellings per year, which would be close to the traditional projections for housing growth. Local people can cope with such a rate of growth, and the infrastructure has largely matched it. If we can arrive at that sensible solution, I know that my constituents will be happy, and I hope that the Minister will address my specific points, which are of huge concern to my constituents.

2.43 pm

Chris Skidmore (Kingswood) (Con): I thank my hon. Friend the Member for Milton Keynes North (Mark Lancaster) for initiating this debate.

The abolition of regional spatial strategies by the new coalition Government is extremely welcome and cannot come soon enough. Returning powers on where to build housing to local communities and democratically elected local councillors, rather than unelected quangos and Whitehall bureaucrats, is the right thing to do. For too long, local people have felt trampled on by central Government decision making and have felt that decisions have been done to them and imposed on them, rather than being made with their consent. For too long, local people have felt that their voice has gone unheard. It is time to change this.

In my constituency of Kingswood, there is an urgent case for the abolition of the regional spatial strategy as soon as possible. As a direct result of the previous Government's south-west regional spatial strategy, green belt land in my constituency is coming under threat from development through speculative applications in Oldland Common, Mangotsfield and Longwell Green. Two applications—to build on green belt land on Barry road, Oldland Common, and on Cossham street, Mangotsfield—have already been fought off at a local planning level, and I am about to launch a campaign against a new application to build on green belt land at Williams Close, Longwell Green, which has only just been submitted.

For me and my constituents in Kingswood, it has been a familiar pattern: thousands of letters have been written and thousands of signatures against these applications have been collected. I have been working alongside the fantastic Save Our Green Spaces groups in Oldland Common, Warmley and Mangotsfield, whose tireless commitment to saving their local green belt has been humbling. I am proud to represent such constituents, whose sense of pride, dedication and duty towards protecting their local community for future generations is startling. The Save Our Green Spaces group will be writing to the Minister, requesting a meeting to discuss the forthcoming legislation, and if at all possible, I should like to facilitate that request.

We have won every battle so far, but while the RSS remains unrevoked by statute, we have yet to win the war. Developers are still keen to chance their luck and build on green belt land, which is why the RSS must be abolished as soon as possible. The link between scrapping the RSS and preserving our green belt is clear. To this end, I tabled early-day motion 168, which I am delighted to say has been signed by many hon. Members.

Martin Horwood (Cheltenham) (LD): My constituency is also in the south-west. Does the hon. Gentleman agree that we face a unique problem? Our regional spatial strategy was never implemented, but was still a so-called emerging RSS, so although it does not need to be abolished it is clearly not emerging any more. There is a risk from a policy vacuum in the south-west, which developers are looking to exploit. We welcome Government measures on the regional spatial strategies, but the policy vacuum needs to be dealt with pretty urgently.

Chris Skidmore: The hon. Gentleman is correct. We are currently in limbo in the south-west. Later in my speech, I should like to mention another matter, which is creating a problem at this stage, regarding the RSS and other planning legislation that has yet to be tackled.

First and foremost, I want to be clear that my constituents are not nimbys. Local people recognise the need for extra housing, and more affordable housing, for the future. I am sure that hon. Members agree with that. In fact, there has been cross-party agreement in South Gloucestershire council on our being able to build 21,500 houses over the next 15 years and at the same time protect and preserve the Kingswood green belt. It is only due to the imposition of 32,800 homes in the local area under the south-west RSS that the green belt has come under threat from being bulldozed.

I should like to mention to the Minister an important issue that needs to be dealt with when legislation comes to pass through the House. Currently, there is an instruction to planning inspectors in paragraph 71 of planning policy statement 3 to "consider favourably" applications

for housing where the local authority cannot show a five-year supply of housing land. That requirement is counter-intuitive in the current challenging housing market and in the context of the Secretary of State's recent announcement on the abolishment of regional spatial strategies.

Under the PPS3 framework, local councils are being challenged by developers to make good the housing shortfall by approving applications for housing, often in unsustainable locations such as the green belt, on the grounds that the council cannot demonstrate a five-year land supply. However, even though many developers are now experiencing low market demand and have therefore reduced housing delivery, that is not stopping the sector claiming that the land supply in south Gloucestershire has significantly worsened, with that claim being used to justify granting permission for additional housing sites on the green belt at planning appeal. In my constituency, permission has already been granted for 2,700 houses in the Emersons Green East development, yet due to developers' slow progress in planning and building those homes, the development is yet to begin. Now, using the argument of the five-year land bank and housing supply, which is still dictated by the soon-to-be abolished RSS, developers are casting their eyes over the green belt to cherry-pick the best sites. This unsustainable situation fundamentally conflicts with the new Government's approach to planning for housing provision and on protecting the green belt.

Annette Brooke (Mid Dorset and North Poole) (LD): I agree that there is quite a challenge at the moment in respect of what is to happen. A district council in my constituency is obviously drawing up plans for its development framework busily behind closed doors and is, almost certainly, reducing the impact on the green belt but not protecting it fully. Does the hon. Gentleman agree that this time around we should start at parish council level, not even at district council level, building it up from there?

Chris Skidmore: It is so interesting that the hon. Lady makes that point, because under the coalition agreement we will be handing more powers to parish councils, certainly for local referendums, with about 80% of parishes being able to decide where to build. There will be areas of land in a parish that the local community wants to decide on. There are certainly village communities that want to ensure that local residents whose families have lived in an area for generations are able to carry on living in a village. That is important.

My point about PPS3, particularly paragraph 71, is that it fails appropriately to balance the impact on communities—for example, village communities—and disproportionately favours housing delivery above genuine sustainability considerations. It is also contrary to the Secretary of State's statement that decisions on housing supply should rest with local planning authorities. The requirement to provide a five-year land supply was based on the previous Government's policy to deliver housing supply through a target-driven framework, of which paragraph 71 represented a key mechanism. The new Secretary of State has made it clear that that approach is no longer Government policy, and I hope that he will consider removing paragraph 71, along with the supporting national guidance on identifying sufficient specific sites to deliver housing for at least five years.

To replace the five-year land supply target, I suggest that the Government formally endorse the approach set out in the west of England multi-area agreement, which covers my area, to enable local authorities to agree with the Government annually, so that we have sequential development and more appropriate housing delivery forecasts that realistically reflect expected delivery. The Secretary of State should also consider carefully current national indicator 159 on the supply of ready-to-develop housing sites, which I suggest should be removed. The current NI 159 definition places great emphasis on the regional spatial strategy as the basis against which local authorities' housing delivery is to be assessed. That requires immediate attention in legislation because it is now clearly not in accordance with Government policy.

These issues need further consideration when the legislation comes to the House, but above all I thank the new Government for their decision to abolish the regional spatial strategy. It is a welcome decision for the people of Kingswood. It places us on the right track to restore powers to local communities, to trust local people to make decisions over their own lives, and above all to preserve and protect our treasured green belt for generations to come.

Mr Joe Benton (in the Chair): I call Martin Horwood.

Martin Horwood: I assumed that as I was not here at the beginning of the debate, I would not be called, so I think I should give way to my colleagues who are keen to make their points.

2.52 pm

Greg Mulholland (Leeds North West) (LD): I thank you, Mr Benton, and my hon. Friend. I congratulate the hon. Member for Milton Keynes North (Mark Lancaster) on raising this important matter.

Adel in my constituency is one of the many communities throughout the country that were overjoyed when the coalition Government announced that it would scrap regional spatial strategies and restore power over such matters to local councils and communities. The announcement in the Queen's Speech of the decentralisation and localism Bill resonated hugely, unlike some of those previously announced.

Yorkshire and Humber regional spatial strategy's H1 policy is headed "Provision and distribution of housing", and has determined a target leading to annual average net additions to the dwelling stock between 2004 and 2026 of 4,300. The hon. Member for Kingswood (Chris Skidmore) has commented on the five-year supply, and in Leeds city council area that leads to 21,500 housing plots as part of its forward planning.

A development off Holt avenue in Adel has been vigorously opposed by Leeds city council and local residents. The Adel Association led a wonderful campaign showing the importance of what is an historic site. Adel has been a settlement since Saxon times and is next to Adel's historic St John the Baptist church, which dates from 1150. It is one of the finest examples of Norman architecture in the country. David Wilson Homes has ploughed on with its attempt to obtain planning permission and, having had it refused by Leeds city council, has gone to the Planning Inspectorate. The simple reality is that the unrealistically high targets for housing demanded

[Greg Mulholland]

in Leeds have provided until now, and will do so until regional spatial strategies are abolished, a legal loophole for developers to exploit. In communities throughout the country, we are seeing developers deliberately making a beeline for greenfield plots when they should focus on brownfield plots instead.

The irony in Leeds is that the city centre has hundreds of empty flats, which are ideal for first-time buyers, but developers try to build on important greenfield against the wishes of local residents. The frustration of the council's planning department and local residents has turned to a feeling of empowerment now that that unnecessary and over-centralised target will go. I warmly welcome the Minister to his job. The planning appeal by David Wilson Homes has, thankfully, been postponed pending the announcement. Will the Minister tell us the timing, and will he say whether this will be given as a reason for this or any other development being forced through? Clearly, it was the intention of David Wilson Homes to use the five-year rule and the regional spatial strategy to demand the right to go ahead, even against such opposition.

That is my only question for the Minister. I know that other hon. Members want to speak. The news is great and is warmly welcomed in Adel, as well as throughout the country.

2.56 pm

Geoffrey Clifton-Brown (The Cotswolds) (Con): It is a pleasure to serve under your chairmanship, Mr Benton. I pay tribute to my hon. Friend the Member for Milton Keynes North (Mark Lancaster) for securing this important and timely debate on regional spatial strategies. The relevant provisions in the Planning and Compulsory Purchase Act 2004 that established regional spatial strategies were repealed and replaced, from 1 April 2010, by new provisions set out in part 5 of the Local Democracy, Economic Development and Construction Act 2009. The strategies are therefore now known as regional strategies, so perhaps from now on we should refer not to RSSs but to RSs.

When I was going around the towns and villages in my constituency during the recent general election campaign, I was surprised by how often the housing problem was raised, so the crucial development on housing numbers and the planning system is important. In 2008, the ratio of house prices to earnings in the Cotswolds was 18.8, which was the third highest in the south-west. The practical effect of that is most first-time buyers who want to stay in the area where they were brought up find it simply impossible to get on the housing ladder. It is vital that we have appropriate legislation on planning and house building.

The invidious effect of Labour's planning system can be seen in the heart of villages and towns in the Cotswolds and throughout the UK: pubs, shops and post offices become unviable and are forced to close; local industries cannot find workers; and schools have fewer and fewer people enrolling. By dictating that all major developments are built on principal urban settlements, the RS deprives smaller villages of the flexibility to allow a small number of appropriately built and designed, affordable private sector houses to keep village communities alive.

Beyond considering only the issues in parts of the country such as the Cotswolds, I would like to highlight the wider failings of RSs. Estimates have suggested that an average of 252,000 new households a year are expected to be formed between now and 2031, which is a total of 27.8 million. In the previous Government's 2007 housing Green Paper, they set out to develop 240,000 homes a year by 2016, but I do not believe that their RSSs or policies would ever have delivered anything like those numbers, even if they were sustainable. A check of the figures for permanent dwellings completed in England between 1997 and 2008 shows that the number was 2.3 million, or 192,000 a year. That figure compares badly with the 209,000 achieved by the previous Conservative Administration. I have also come across a staggering figure for public sector housing—*[Interruption.]* Perhaps the Opposition spokesman, the right hon. Member for Wentworth and Dearne (John Healey), will listen to this. In each year of the Labour Government, they built half as many dwellings as the last Conservative Administration.

Let me make it clear that the RS approach was flawed and has failed. The new Government's commitment to repealing that approach is to be welcomed, and their localism agenda has the potential to make the changes that are needed, particularly in parts of the country such as the Cotswolds. I hope that the Minister will listen carefully to a quote from the Campaign to Protect Rural England:

> "We hope that the new Government will not, however, abandon strategic planning altogether, as we believe it is essential in order to co-ordinate development, infrastructure, service delivery, landscape management and conservation of the natural, historic and cultural environment, and address cross boundary issues"

that subject has been raised by a number of colleagues in this debate—

> "that might arise from several different planning strategies."

Some of the themes of larger area planning also need to be borne in mind.

I understand that it is envisaged that housing targets in the RSs will be abolished and replaced by local development frameworks, which in most cases will probably return to option 1 figures. In the south-east, for example, the RS figure was approximately 30 million, although the option 1 figure would return that to 20 million. My own council, Cotswold district council, has already returned to a target of option 1 in its housing numbers.

As stated in "The Coalition: our programme for Government", the coalition promises to provide

> "incentives for local authorities to deliver sustainable development, including for new homes and businesses".

That is terrifically welcome, but the danger with that approach is that the Government might find that insufficient houses are built in the pressurised areas of the east, south-east and south-west. I have a long memory about the subject, and I say to the Minister that even the previous Conservative Administration found that they had to take increasingly centralised powers to deal with local opposition to house building.

There is a need to establish in the local development framework some form of land bank where houses are likely to be permitted over the next 10 or 15 years. That is in line with the CPRE statement, and it is a sensible provision so that infrastructure can be targeted towards those areas of growth. Across England last year, there

were approximately 651,000 empty homes, and incentives need to be provided to get those houses back into occupation because having such a number of empty houses in our country is a huge waste of resources.

Some points need deeper discussion, but I will deal with them as quickly as I can. We need clarification of the current situation, following the letter from the Secretary of State to council leaders on 27 May. Recently, two substantial planning applications were determined in the Cotswolds. They each sought to build around 300 homes in Moreton-in-Marsh. That is a relatively small market town of around 1,500 houses, so 600 houses would be a huge increase. When the district council made its decision, one application was permitted and one was refused. However, the letter of 27 May from the Secretary of State was cited by the planning authority in its refusal. The important sentence in that letter was:

"However, I expect Local Planning Authorities and the Planning Inspectorate to have regard to this letter as a material planning consideration in any decisions they are currently taking."

What can be described only as a window of ambiguity has now opened with regard to the prospect of appeals, both in this instance and for other councils across the country. There is particular concern for rural councils such as Cotswold, where a major appeal can cost the equivalent of a 1% council tax rise. That is in an environment in which all councils are urged to set a minimal—if any—rise in council tax, so it is difficult to budget for the costs of major appeals.

The major grounds for appeal from the developers whose application was refused will be that Cotswold did not have sufficient land supply in its RS. If that application goes to appeal, it is unclear whether the Planning Inspectorate will have been told to disregard the figures in the RS, following the letter from the Secretary of State.

Let me highlight the confusion by outlining what has happened since the general election. On 20 May, the Government published "The Coalition: our programme for Government" which stated:

"We will rapidly abolish Regional Spatial Strategies and return decision-making powers on housing and planning to local councils, including giving councils new powers to stop 'garden grabbing'".

On 27 May, the Secretary of State wrote his letter, and on 28 May the inspector in the key Leeds city council case adjourned the hearing. On 2 June, Taylor Wimpey, the applicants responding, resisted the adjournment, and on 4 June, the applicants in the Grimes Dyke and Boston Spa inquiries responded by resisting the reopening of the inquiry, pointing out that it was open to either the inspector or the Secretary of State to invite written representations. One can therefore begin to see the confusion that is arising.

On 9 June, planning policy statement 3 was amended and republished. The advice on assessing housing land surveys, which is based on the RS requirements, has not been amended, which is something to which my hon. Friend the Member for Kingswood (Chris Skidmore) alluded. On 10 June, advice from the Planning Inspectorate stated:

"The proposed abolition of RS is a Government commitment that Inspectors and other decision-makers should take into account as a material consideration."

My hon. Friend the Minister has stated:

"The Planning Inspectorate's note does not supersede the Secretary of State's letter of 27 May".—[*Official Report*, 21 June 2010; Vol. 512, c. 26W.]

As he is no doubt aware, the suggestion that the abolition of the RS is a material consideration in determining appeals is being challenged by a number of weighty legal opinions contending that the letter would not stand up in court as it assumes that the RS will be abolished, although the matter has not yet been determined by Parliament.

Whether or not such views are correct, it should not allow the paralysis of the planning system. The Minister will also be aware that it is highly unlikely that section 79(6) of the Local Democracy, Economic Development and Construction Act 2009 would allow the Secretary of State to abolish the RSs wholesale.

With no timeline in place for the proposed decentralisation and localism Bill that the Government intend to introduce, there is concern that councils throughout the country will face a number of hugely costly legal challenges by judicial review and appeals to defend. Therefore, the difficulty for decision makers is what legitimate weight they should accord the Secretary of State's letter.

Peter Village QC, a planning silk, is of the view that:

"It is well-established Government policy that the weight to be given to any such emerging policy or guidance will depend upon the stage which it has reached in the relevant process for its introduction...Accordingly, it is difficult to conceive how an intention to change the law in the future can itself be a lawful material consideration to the determination of a planning application now under the existing law without having the unlawful effect of seeking to give effect to a change in the law absent the necessary change of the primary legislation."

I also want to raise the issue of whether the Environmental Assessment of Plans and Programmes Regulations 2004 will require a strategic environmental assessment to be carried out before a RS is abolished. If that is the case, it will delay the introduction of provisions in the proposed decentralisation and localism Bill. As my hon. Friend the Minister is aware, RSs could be subject to that requirement. Will he clarify how a new policy would work in accordance with those regulations? I hope that he will acknowledge that these concerns exist among developers and local planning authorities throughout the country, and I hope that he will be able to close that window of ambiguity. It would be extremely helpful to know whether, in the near future, the Secretary of State plans to make any written or oral statements to Parliament so that the confusion can be cleared up.

Several hon. Members *rose*—

Mr Joe Benton (in the Chair): Order. Before I call the next speaker, let me say that I hope to commence the winding-up speeches at about 3.40 pm. I hope that hon. Members will bear that in mind, so that we can get everybody in.

3.8 pm

Harriett Baldwin (West Worcestershire) (Con): Let me reassure hon. Members that I will be brief. Many of my colleagues have already raised points that are similar to mine and I want to allow as much time as possible for the Minister to respond. Let me add my thanks to my hon. Friend the Member for Milton Keynes North

[Harriett Baldwin]

(Mark Lancaster) for securing a debate on a topic that was of great significance to people in the constituency of West Worcestershire during the general election.

I also thank the Government for moving so quickly to send letters to councils explaining that they can take the intention to abolish regional spatial strategies into account as a material consideration, as that has certainly greatly relieved local communities.

Let me explain a couple of the specific issues that have arisen in West Worcestershire, so that the Minister can perhaps use the debate to give some guidance to my local councils—Malvern Hills district council and Wychavon district council. During the regional spatial strategy planning process, Worcester, which is represented by my hon. Friend the Member for Worcester (Mr Walker), was designated a regional growth point, and the three south Worcestershire councils were allocated 25,500 homes to find room for.

The county town of Worcester is bordered on the one side by the M5 and on the other by the River Severn, so there is no room inside the city boundaries for it to expand as a growth point. The south Worcestershire joint core strategy was therefore obliged to look at Malvern Hills district council territory to find room for the 25,500 homes. The council would thus be given more than 10,000 homes under the regional spatial strategy. That caused great resistance in communities where only 1,500 people are on the waiting list for housing.

Let me describe the impact on the village of Lower Broadheath, which is the birthplace of the great composer Elgar. The village is about four miles west of Worcester, but it is, importantly, on the other side of that significant geographical barrier, the River Severn. The village, which was designated Worcester West, has only about 800 homes, but it would be obliged to have between 3,500 and 4,000 more built on the green fields that separate it from Worcester.

I have some specific questions for the Minister. First, what guidance can he give Malvern Hills district council? Bloor homes has applied for outline planning permission to build the 4,000 homes in west Worcester, which is causing severe blight and concern. Planning permission was applied for at the beginning of the year, before the proposed abolition of the regional spatial strategy, and the council is looking for guidance on whether that proposed abolition is a material consideration and on what the next stage of the plans is. Secondly, will the abolition of the regional spatial strategy automatically abolish the characterisation of Worcester as a new growth point? Will the Minister clarify exactly how we will go forward on that?

On behalf of my constituents, I thank the Government for taking things forward this far, but I agree with many of my fellow speakers that it would be helpful to have swift further clarification of the other matters that we have raised.

3.13 pm

Duncan Hames (Chippenham) (LD): I am particularly grateful to you, Mr Benton, for giving me my first opportunity to speak in Westminster Hall.

Residents of my constituency will welcome the end of the regional housing targets in the regional spatial strategies. That is especially true of those seeking to protect Birds Marsh woods and land along Chippenham's floodplains from development. The Minister met residents when he visited my constituency just a few months ago, and I am sorry that I did not get the chance to meet him, although the circumstances were such that that would perhaps not have been welcomed by all.

Wiltshire councillors were keen to blame the development proposals on the regional spatial strategy. Others promised that they will be stopped if the new Government abolish the strategy. Only time will tell if that promise is as true as that made by the parties that have come together to form the coalition Government to abolish the regional spatial strategies.

In place of such development proposals, I hope that we will see opportunities to provide housing—particularly affordable housing—partly through a renewed commitment to bring empty homes into use. There are also exciting proposals to secure small affordable housing schemes in our villages, as has happened very successfully in Broughton Gifford, just down the road from me. Such schemes will be essential for small communities to sustain themselves and to ensure the viability of village schools.

Wiltshire council is keen to receive advice from the Secretary of State for Communities and Local Government on whether planning inspectors will now disregard the regional spatial strategies, although, as my hon. Friend the Member for Cheltenham (Martin Horwood) said, that for the south-west has the status only of an emerging strategy. Not only the council has asked me about the issue; local conservation campaigners fear that if Wiltshire council does not adopt a core strategy, its draft core strategy, which sought to conform to the regional spatial strategy, may impose regional housing targets by the back door while a local policy vacuum remains.

I clearly opposed the regional housing targets, and I wrote to the right hon. Member for Salford and Eccles (Hazel Blears), the then Secretary of State, as part of the consultation on the regional spatial strategy to make that opposition clear in the case of Chippenham. However, I also looked closely enough at the region's draft RSS before her Department's intervention to see that there were some welcome policies to promote the energy efficiency and resource sustainability of the proposed buildings. My final request to the Minister, therefore, is that he and his colleagues facilitate the availability of such best practice, so that local councils can adopt it, should they so choose.

The debate over the regional spatial strategies has been a case of representative democracy in action. The democratic process has effectively communicated the strong feelings of our constituents and delivered a response from their new Government. In supporting the coalition agreement, Government Members have started to do their bit, and I am sure that the Minister is determined to complete the job in government. However, it is imperative that, between his officials, councils, planning inspectors and skilful developers, our constituents' wishes are not overridden as a result of any hiatus or vacuum in terms of the policy applicable. I would very much welcome the Minister's comments on such concerns.

3.17 pm

Iain Stewart (Milton Keynes South) (Con): I, too, am delighted to make my first contribution in Westminster Hall. I congratulate my parliamentary neighbour, my hon. Friend the Member for Milton Keynes North (Mark Lancaster), on securing this important debate. I strongly endorse all the points that he made, although I will not go through them all in the interests of time. However, his point about the Government's interim measure, which other hon. Members have raised, is particularly important. I strongly welcome the letter that the Secretary of State for Communities and Local Government sent to councils, but there is some doubt about its legal status. I had a conversation with officials in Milton Keynes council, who say that there is legal doubt about the suggestion that the Secretary of State's letter announcing the abolition of regional spatial strategies will be treated as a material consideration at appeal in the courts. In the interim, that is a significant matter, and I would be grateful for the Minister's clarification.

My constituency contains two areas where planning submissions are under way. The concern is that those submissions will be rushed through and imposed before the full change in the law takes place. One of those areas of development is in the south-east of Milton Keynes, around Woburn Sands and the Brickhills. There is great concern locally that a semi-rural area will suddenly be infilled with hundreds or thousands of new houses.

The second area, Salden Chase, is south-west of Milton Keynes, and it will be in the strange situation of being physically part of Milton Keynes—there will be a seamless divide between the town's existing settlements and the new estate—while also being in the neighbouring local authority of Aylesbury Vale. That has met massive local opposition, not only because it would be a huge imposition of housing on the fringes of Milton Keynes, but because the new residents would look to Milton Keynes for services—a hospital and schools, for example—and because there would be a significant impact on the transport infrastructure; yet all the revenue from council tax would accrue to Aylesbury Vale. Milton Keynes would bear most of the cost and receive little of the benefit. I should appreciate some guidance from the Minister about how he envisages cross-border developments being considered once the RSS is abolished.

There is time to pause and think again in Milton Keynes. There are already permissions for some 20,000 new houses and the existing local plan continues to 2011. The argument that suddenly abolishing the RSS will mean that all house building will grind to a halt is false. It is important to pause and think through the future. Hon. Members may not be aware that Milton Keynes has pretty much reached the size planned for it when it was designated a new city in the late 1960s. We have pretty much reached the population of 250,000 that it was designed to have. The existing developments will take us to that level. The question is how we grow from there. I think that there should be a local debate about that, rather than anything being imposed, top-down, from central Government. There is a disconnect in politics. People often feel that developments that will have a significant impact on their quality of life are imposed on them, without their having any say. We need to reinvigorate local democracy by giving people a say not just about the quantity of new development, but in the shaping of the style of developments.

We have talked primarily about housing numbers this afternoon, but I should like more detail about what we intend to do to give people the power to shape the design of communities. Will we, for example, scrap density targets and allow local decisions to be made about how many car parking places there should be and about the style of houses? We have been good at building one and two-bedroom flats in Milton Keynes recently, but there has been a dearth of family-sized accommodation with proper-sized gardens and spaces for children to play in. I want more open source planning—the buzzword—in the shaping of new estates. It is not just the number of houses that is important, but the type of housing.

Mr Stewart Jackson (Peterborough) (Con): My hon. Friend is making a strong case. Does he think, as I do, that it might be appropriate for Ministers to give guidance in regulations about allowing local authorities to develop, with housing associations, many more intermediate schemes—not just rental, but do-it-yourself shared ownership and shared equity, when the time comes – so that the 125% subsidy for social housing will not just be about a bog-standard approach but will relate to a variety and plurality of housing tenures?

Iain Stewart: My hon. Friend makes an important point. One of the arguments that is often made for the central imposition of new housing is a reduction, somehow, in the cost, thus making housing more affordable. That is a laudable aim, but it should not be at the expense of local areas, completely transforming them and imposing settlements that are not welcomed by the existing residents. I am very much in favour of a more flexible system of shared ownership than the present one, to allow a greater mix of the equity that people can hold; that should also be transferable, so that they could take it with them on moving, as they move up the ladder and the needs of their family change.

Milton Keynes is at a crossroads and we want the power to shape our own future to be in our hands. That would go a long way towards reinvigorating local democracy. I hope that different parties will put forward different visions of how Milton Keynes could grow, but the critical point is that it should be our decision. We welcome the idea of the power being in our hands.

3.25 pm

Mr Steve Brine (Winchester) (Con): I congratulate my hon. Friend the Member for Milton Keynes North (Mark Lancaster) on securing the debate.

It is not often in local campaigning that the term "regional spatial strategy" produces any great interest, let alone excitement, but in Winchester the mention of it gets people very excited one way or the other. In the lead up to the general election that was because people knew very well the stance taken by what I hoped would be, and turned out to be, the incoming Government.

Winchester city council put together a good local development framework, engaged in lots of local consultation to do so and produced a core strategy with a step change option for the district. However, that was done in the straitjacket of the south-east plan and the relevant numbers. Local people felt that it was a bit like being told "You can buy a car—any car you like, as long as it's a Ford." With good grace and the best of intentions,

[Mr Steve Brine]

they took part in the consultation. Many thousands of them attended or wrote to take part in the local development framework consultation, and they felt somewhat cheated by the document when it came out. They had had their say; but in the end, 12,500 houses were still imposed on them. That created great ill-feeling, and people were very excited: the abolition of the RS, as my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown) says we must call it, is incredibly welcome in my constituency.

My hon. Friend the Member for Milton Keynes South (Iain Stewart) said that the Government's stated emerging policy was a welcome pause for thought, and it is indeed that in Winchester. The Pickles letter, as it has become known, was the talk of the town at a meeting of the city council planning development control committee that I spoke at a couple of weeks ago. That meeting was held in connection with non-determination of an application by CALA Homes to put 2,000 homes on a greenfield site known as Barton Farm just north of Winchester that is mentioned in the south-east plan. Every speaker mentioned the Pickles letter. The officer recommendation was taken on the basis of that letter; perhaps that suggests how it is being viewed in town halls. As the local MP, I wrapped up the debate, and I am pleased that councillors upheld the officers' recommendation and threw out the application. The problem now is that a planning inquiry is set for early September, to consider CALA's application. There is massive public opposition to the building of 2,000 houses on the site. The Save Barton Farm group, which deserves every credit, has worked tirelessly for years and fought many battles only to be told that it must go back and fight them all again.

I thought that my speech would be brief—it has been—but I should like to ask the Minister some questions. Will the Planning Inspectorate show the deference to the Pickles doctrine that Winchester's PDCC obviously did? The timetable for the legislation is critical, going by what hon. Members have said, and I should welcome the Minister's view about that. What is his advice to the new leader of Winchester city council, who wrote to me recently about the local development framework, explaining that although it is, as I said, a good document, with many good things on affordable housing and sustainability policy, the council cannot progress until it knows whether it has been released from what it considers to be a planning limbo? Will LDFs continue, and if so, in what form? Will the numbers that may be considered as part of the LDF still be based on submissions made by county councils to the original south-east plan discussions?

3.29 pm

Chris White (Warwick and Leamington) (Con): This is also my first contribution to a Westminster Hall debate. I thank my hon. Friend the Member for Milton Keynes North (Mark Lancaster) for the opportunity to debate regional spatial strategies and for bringing an issue that is so high on the local agenda to a high place on the Westminster agenda. I, too, shall be brief.

Although I am sure that my hon. Friend will join me in welcoming the abolition of the RSS, we are all aware that that is not the end of the matter. Given the progress that had been made towards the implementation of the RSS, some people believe that the proposals generated for it should be put into practice, given the absence of anything else. I hope that my hon. Friend the Minister will make it clear today that such thinking is mistaken and that, as my hon. Friend the Member for Chippenham (Duncan Hames) said, we see representative democracy in action.

I have had the pleasure of making representations to the Minister responsible—the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark)—and I have received a personal assurance that the RSS is dead and buried and that councils will be given new guidance shortly on how to proceed. The Government and the people have been extremely clear in wanting a bottom-up approach to housing development. The proposals made by the RSS do not hold any legitimacy for most residents in my constituency of Warwick and Leamington, and I am sure that that is the case for residents in many other constituencies across the country. It is therefore vital that councils across the country offload the dead-weight of the previous planning framework and move towards swift consultation with local people, creating a new, more open and more democratic process of deciding on housing development. That is the only way that we will secure the type of housing that people want and welcome in their communities.

3.31 pm

Martin Horwood (Cheltenham) (LD): I am extremely grateful to you, Mr Benton, and to colleagues for allowing me a few minutes to speak. I am enormously proud to support a Government who are abolishing the regional spatial strategies. It brings me great pride even to say those words after six years of battling against these things, so I congratulate the Minister. I also congratulate, in the case of Cheltenham, the Leckhampton Green land action group, the Save The Countryside campaign, particularly Kit Braunholtz, Alice Ross, Helen Wells, Gerry Potter and Councillors Klara Sudbury, Steve Jordan and John Webster, and thousands of others throughout Cheltenham, Gloucestershire and the whole south-west, who succeeded in sufficiently bogging down the emerging south-west regional spatial strategy to the point at which it never emerged at all.

This policy of the last Labour Government may once have been well intentioned in an attempt to control the spiralling rise in house prices, but it ended up being undemocratic and profoundly unsustainable, because it delivered targets that were based not even on an absolute number of houses for local people, but on thousands of houses per year being delivered apparently in perpetuity. Presumably, when we reached the end of these strategies in 2026, we would have had further ones that would have had to maintain that rate of supply. The credit crunch in a sense constrained irresponsible lending and helped to deflate house price inflation, but there are a few issues that I hope the Minister will have time to address.

Rightly, colleagues have pointed out the risk of the Planning Inspectorate undermining some Ministers' intentions. In fact, there is one judgment relating to—I hesitate to try to pronounce this—Bata field in East Tilbury, delivered in a letter in the name of the Secretary of State on 21 June, that also seems to undermine Ministers' intentions, although it is in the name of the

Secretary of State, because it cites the unacceptability of development on the green belt, except in exceptional circumstances, and then it gives the exceptional circumstances as the demonstrable shortfall in affordable housing completions and the quality of the design. Those do not sound very exceptional to me. There is a risk that, even in the Department itself, there are still people who have not quite grasped the new situation. I hope that the Minister has time to address that.

Annette Brooke: I am sure that my hon. Friend will have heard me say this before, but in my constituency, a further 1,700 houses were imposed at the examination in public. They were opposed by every democratically elected person, but I am convinced that, if our Government had not taken the measure that they have taken, that extremely undemocratic decision would have been forced through. That gives the message to the Minister and everyone else that we must all take on the new values of the coalition.

Martin Horwood: My hon. Friend is exactly right, and I pay tribute to her tireless campaigning on the regional spatial strategy on behalf of her constituents.

The final issue is the possibility that some areas of market housing will be constrained, and we have traditionally delivered some affordable and even social housing on the back of market housing, so it is very important that the Department addresses the need especially for social housing for rent. Will the Minister examine some of the issues, including the use of income from rent more flexibly by arm's length management organisations such as Cheltenham Borough Homes, to allow the building and buying of more new council housing for rent? That is one of the things that might help to address some of the possible criticisms of the abolition of regional spatial strategies—I am anticipating somewhat the words of the Labour spokesman, the right hon. Member for Wentworth and Dearne (John Healey)—even though they were based on utterly unsustainable levels of economic growth, not on genuinely identified housing need at all.

3.35 pm

John Healey (Wentworth and Dearne) (Lab): I welcome you back to the Chair, Mr Benton. May I say how much I enjoyed the debates that you chaired in the previous Parliament and how much I look forward to such debates in this one? I congratulate the Minister on achieving his place on the Front Bench. I must say that I felt a little frisson as hon. Members said, "I look to the Minister for answers on these questions," or, "I look forward to the Minister's response on this," and then realised that it was not me this time but him.

I particularly congratulate the hon. Member for Milton Keynes North (Mark Lancaster) on introducing the debate in a very measured and well-informed way. As he said, the answers from the Minister are more important than the questions, so I intend to give the Minister as much time as possible to answer the questions that hon. Members have asked. I have five questions for him to answer, however.

The hon. Members for Milton Keynes North and for Milton Keynes South (Iain Stewart) both argued, rightly, that Milton Keynes is a town that has always been committed to growth and has always seen growth as part of its future, so the arguments that they make on behalf of their town, just like those of their predecessors—particularly the predecessor of the hon. Member for Milton Keynes South, who was a very distinguished Member of the House—carry a lot of weight.

I have been very impressed by the quality of this afternoon's debate. Most of the contributions have been measured and incisive, and there have been many of them. The hon. Member for Leeds North West (Greg Mulholland) talked about the Yorkshire and Humber regional plan. The hon. Member for The Cotswolds (Geoffrey Clifton-Brown) talked about the importance of building in all areas of the country, particularly if we are concerned about the opportunities for first-time buyers and young families to get a start in life in their own area. The hon. Member for West Worcestershire (Harriett Baldwin) talked about incentives, while the hon. Member for Chippenham (Duncan Hames) talked about energy efficiency and asked questions about it. The hon. Member for Milton Keynes South is concerned about design standards, which are important.

The hon. Member for Winchester (Mr Brine) talked about the problem with the Pickles letter, which is a significant aspect of the debate. The hon. Member for Warwick and Leamington (Chris White) talked about the importance of democracy in the planning system, which is an essential feature. Even in only an intervention, the hon. Member for Peterborough (Mr Jackson) managed to make a very important point on affordable housing. The hon. Member for Cheltenham (Martin Horwood) managed to mention most of the people on his RSS constituency mailing list.

I got the job of housing and planning Minister a year ago—that was all. I inherited the regional spatial strategies and quickly found that they had very few friends, as has been underlined clearly in the debate. In most regions, the regional spatial strategies have been agreed and are in place, and they were agreed by a combination of elected local council leaders from the region, in the region. Beyond that, what was clear to me—it is still clear now—was that our regional spatial strategies and our approach to planning were too inflexible to reflect some of the differences between regions. Our approach was too top-down, but it is clear that the new Government's approach is simply a charter for nimby resistance to new homes, which should concern us all because it could have worrying consequences. My associated concern is that it is a signal of the Government stepping back at national level from any role and responsibility in securing the new homes that are needed in all parts of the country for the future.

The consequences of the changes are already clear. It is not so much about greater local powers but fewer new homes. In many areas, that will result in the blocking rather than the building of new homes. Although the contributions to the debate have been measured, the comments of some council leaders have been clear. For instance, in response to the Government's announcement about the abolition of regional spatial strategies, the Conservative leader of Adur district council said:

"It will reduce the number of new homes significantly",

which he said was to be welcomed. The National Housing Federation said that the number of new affordable homes would "fall off a cliff", while the chief executive of one of our leading house building companies described the impact of the changes as being "scary as hell".

[John Healey]

I am concerned that on this matter, as with other policy areas, we are seeing a gap between what the Government are saying and what they are doing. The new housing Minister says that he and the Government want Britain to be a nation of house builders. That is either top-of-the-range spin or grand self-deception. If that is the case, why was the one incentive system—the housing and planning delivery grant—swept aside as part of this year's £6 billion cuts? Why, as part of those cuts, was £230 million taken from the Homes and Communities Agency budget for building affordable homes, through housing associations, in several disadvantaged areas? Why is it that all the affordable housing investment programmes for which funding was agreed, set aside and put in place now on hold? Will the Minister—this is my first question—tell us when the money for those affordable housing programmes will be released so that building can start again?

The hon. Member for Kettering (Mr Hollobone) spoke of the RSSs as having been abolished, but that is not the case. As the hon. Member for Kingswood (Chris Skidmore) said, until Parliament passes legislation to revoke RSSs, they will not be abolished—they will remain in place. I fear that the Pickles letter does little to help the situation. Indeed, it creates a legislative limbo in which councils, planners and the Planning Inspectorate are uncertain of their principal reference points. At a conference at which I was speaking this morning, a distinguished academic who knows a lot about the matter described the planning system—the result of two months of Government announcements—as a vacuum and in a state of chaos. That should surprise no one, because the new Secretary of State has been having a go at every part of the planning system like a bull in a china shop. My second question to the Minister is therefore: what is the legal planning status of the Pickles letter? When will the Government publish the legislation that will allow them to do what they wish?

Martin Horwood: Perhaps the right hon. Gentleman will tell us the exact legal status of letters issued by Ministers in the previous Government that told planning authorities and planning inspectors in the south-west to pay attention to the emerging RSS there and said that it was a material planning consideration, even though it had not been implemented?

John Healey: The hon. Gentleman misses the point. The framework for regional spatial strategies had been legislated for by the House and that remains the case. However, questions arise about the extraordinary letter sent by the new Secretary of State.

I turn to a point that at least two Members raised this afternoon: the desire to move from a planning-led system to an incentive-based system. There is certainly a case for incentives in the system. It can be said that the housing and planning delivery grant and the extra funding for growth areas and growth points were insufficiently sharp to do the job on their own, but they were an important part of the system and I am sorry to see this year's housing and planning grant go. However, the Government's idea of a council tax match at 100% for every new home built is an 18-carat con—just consider the money!

The idea is that that would cost £250 million in the first year. It was meant to be funded by switching the housing and planning delivery grant, but that amounted to £135 million this year and it went in the Chancellor's first swathe of cuts. There is no new money for this proposed incentive scheme. In years two, three, four, five and six—the scheme is meant to last six years—it will be top-sliced from local government grant through the formula system at a rate of about £250 million a year. A £250 million cut in the local authority grant system is the equivalent of a 1% rise in council tax. It is not only £250 million a year, however. The effect is cumulative, so the cost in the second year will be £250 million plus another £250 million. In year three it will increase again; and the total over the six years will be £5.25 billion—the equivalent of an extra £320 on the average band D property council tax.

The system will rob some councils in order to pay others. Those hon. Members whose constituencies include county council areas should remember that although county councils are not planning authorities and are not responsible for housing, they will bear the brunt of the cuts through the switch to district councils, which will get the cash. It must be obvious to anyone that if the scheme ever sees the light of day—if DCLG Ministers can persuade the Treasury to put it in place—it will lead to council tax chaos. It will blow the Chancellor's Budget promise of a council tax freeze out of the water. My fourth question to the Minister is therefore: when will the scheme be in place? My fifth question is this: will there or will there not be new money for the scheme, or will it be top-sliced as in previously published plans, and taken from local government budgets?

I shall answer my sixth question myself to save the Minister the trouble. What is the new Government's policy on housing for the future, and what are they saying to those young people who want to move out of their parents' house and set up home for themselves? The answer is clear: no new homes, and a capital "NO" to new affordable homes. Since the two parties got into Government, they have been waving two fingers at those who need decent, affordable, secure homes for the future and at those who aspire to move into and buy their own homes.

We are right at the start of this Parliament, but within three, four or five years—before its end—the consequences of the changes that we are discussing this afternoon will be serious for many young families across the country and very clear to them when they consider how to vote at the next election.

3.48 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): May I say what a pleasure it is, Mr Benton, to serve under your chairmanship again? It is for the first time in this Parliament—and, literally, the first time from this angle.

The debate has been most interesting and of a high quality. I entirely agree with the right hon. Member for Wentworth and Dearne (John Healey) in that regard. That may be almost the end of our agreement, but he was right that it was well-informed and stimulating.

Looking at the physical attendance in the Chamber, one of the planning issues could almost have been the spatial imbalance here. Such an imbalance reflects the importance of planning to all my hon. Friends'

constituents. Planning was also an important issue in the recent general election, which is why my right hon. Friend the Secretary of State, my ministerial colleagues and I make no apology for having moved swiftly to set out our intention to redeem our promise to the electorate that we would remove regional spatial strategies.

I am delighted to see the right hon. Member for Wentworth and Dearne here today, because he and I have done our best to spar in a civilised fashion over the past few years. I hope that he will not take it the wrong way when I thank him for having welcomed me to the Government side of the Chamber, and when I say that I am delighted to see him on the Opposition side; I mean it in the nicest way. He is often the most reasonable of opponents, but that does not mean that he is always right as far as these matters are concerned. Whatever the intentions of the previous Government for the regional spatial strategies, he himself concedes in moderate terms—given the normal moderation of his language, these are strong terms for him—that they had become too inflexible and too top-down. Being a less temperate person, I might put it in stronger terms. The fact is they had become a positive obstacle to good planning in this country and to the delivery of housing in the right place.

The hon. Member for Cheltenham (Martin Horwood) referred to the legal challenges that delayed the south-west regional plan, and they were not unique to that area. They came about because of the top-down structure of the regional spatial strategy, which created an almost immediate antipathy in the communities that were affected. Battle lines were drawn, and a great deal of money and effort was expended on fighting strategies rather than on adopting a bottom-up approach that might have taken communities with it. As my hon. Friend the Member for Milton Keynes North (Mark Lancaster) observed, such an approach is a key part of sustainable development. It is right that I congratulate him on securing this debate; he has done us a great service by doing so. He has raised important issues, and I will do my best to address them, as well as those raised by other hon. Members.

My hon. Friend has diligently raised the particular concerns of Milton Keynes both in this Parliament and the previous one, and his constituents have been well served by him in that regard. Moreover, I am delighted to welcome the reinforcement of my hon. Friend the Member for Milton Keynes South (Iain Stewart), who is very experienced in such matters.

Let me deal, as best I may, with the significant points that have been raised. In the interests of time, I will not go through the preamble about the particular circumstances of the constituency of my hon. Friend the Member for Milton Keynes North and of Milton Keynes itself because he has set them out and we are in agreement about them. It is a city that is committed to growth. It has grown fast and shown diligence in recognising the pressures and the need to accommodate such growth. Its ambitions are ones that the Government wish to see fulfilled for the benefit of its residents.

Mark Lancaster: As we are so short of time, may I ask the Minister, on behalf of my colleagues, to write to all hon. Members with responses to any unanswered questions?

Robert Neill: My hon. Friend has that assurance. I have been doing my best to make notes, which is probably terrifying for my officials because there have been too many medical men in my family and my handwriting has been influenced accordingly. None the less, I will certainly do as my hon. Friend suggests, and I will also do my best to get what I can on the record now.

Let me deal with the specific points that have been raised. We have made it clear that we will proceed to the full-scale abolition of the regional spatial strategies as soon as possible. Ultimately, there will be a need for primary legislation to sweep such matters away, which will be dealt with in a localism Bill that will be introduced to the House in this Session. However, despite the caveat raised by my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown), we will also explore the possibility of using secondary legislation to remove the most difficult part of the regional strategies in advance of that. We are actively discussing with officials the means by which this may be done.

The next step is to issue more detailed guidance. The Pickles letter—a letter issued by my right hon. Friend the Secretary of State—was intended very specifically to mark out to all concerned the Government's intention to move swiftly to redeem the coalition pledge, which is part of the coalition agreement. In relation to its status, we are quite satisfied with the legal advice that has been given to us that it is a material consideration and should be regarded as such, both by local planning authorities, in considering applications, and by the inspectorate. That was why we communicated the letter both to local planning authorities and the inspectorate. I am aware that there has been some attempt to dispute that, but I will simply say that lawyers disagree. However eminent the opinion of Mr Village QC, it is at odds with the opinion of those who advise us. I hope that local authorities will not place any more weight on the view of one lawyer than that of many others and that of their communities and electors as to the appropriateness of planning applications. As a material consideration, the opinion must be put into the mix. Of course all applications must be decided on their facts, and that remains the case.

Geoffrey Clifton-Brown: I am grateful to my hon. Friend for that. I can assure him that I do not want to cause him any difficulties, but will he do whatever he can to encourage planning inspectors to get on and hear cases rather than adjourning them, so that the emerging position becomes clear?

Robert Neill: I understand my hon. Friend's point, and I take his question in the spirit in which it was intended. The Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark) and I are in discussion with the Planning Inspectorate, and we will ensure that such a factor is taken on board. Everybody wants to move as swiftly as possible, but because the arrangements for planning regulations under the previous Government were so complex, we have something of a legal minefield to walk through to ensure that we get it right. If we make important changes, we are determined that we do not have any false starts. I hope that Members will understand our reasons for doing so.

There will be further guidance. I am sorry that I am not able to say to hon. Members that I have it here today, but when I say that my right hon. Friend will

[Robert Neill]

issue the guidance soon, I mean it. I hope that people understand that a good deal of work is being done at the moment, and that we intend to move very swiftly to set it out. I am conscious that such guidance should involve both the transitional arrangements and some of the implications that follow therefrom. We have already made it clear that the abolition of the regional strategies is emerging Government policy and, therefore, a material consideration and that local planning authorities should not feel intimidated from getting on with adopting those parts of their local plans that are appropriate.

Moreover, we will give local authorities the opportunity to revise partially those plans to reflect the abolition of the regional strategies and the imposed targets that went with them. Sometimes it is felt that the revision of a local plan is a long-winded process and rather daunting, but let me assure Members that a focused revision of the plan that concentrates on certain aspects, such as the housing aspects that are affected by the removal of the regional strategies, need not take that degree of time. I hope that hon. Members will take back that important message to their constituencies. The revision can be done swiftly and without great expense to the local authorities. Some local authorities are already taking that on board. Those are key steps that we are keen to take at an early stage.

Mr Joe Benton (in the Chair): Order. That finishes the debate. We now move on to the next debate.

Fire Stations (Warwickshire)

4 pm

Chris White (Warwick and Leamington) (Con): I am delighted to have this opportunity to debate fire station provision within Warwickshire. I am also delighted to have the support of my colleagues from the county. However, I am sure that we in Westminster Hall will especially appreciate the presence of the Lord Commissioner of Her Majesty's Treasury, my hon. Friend the Member for Kenilworth and Southam (Jeremy Wright). Owing to the convention that Whips do not speak in Westminster Hall debates, he is prevented from participating, although his thoughts on this matter are well documented.

Warwick is passionate about its fire station, and I will let my hon. Friends from the county speak in support of their own fire stations. Recently, 12,000 of my constituents signed a petition to keep Warwick fire station—a move that garnered support from the entire community, not just for emotional reasons, although Warwick residents will be forgiven for wanting to keep their fire station, given that much of the mediaeval town was destroyed in the great fire of 1694.

Warwick is an old town that is rich in heritage, and it is the central point of an ancient county. Warwick castle is located in the very heart of the town, and I need not go into great detail about the dangers that can occur from castle fires. Alongside our local NHS hospital, we have the 500-year-old Lord Leycester hospital. Both buildings are located not more than half a mile from the present fire station.

Local residents want to go to sleep safe in the knowledge that their town is secure and that, if the worst should happen, there is a fire station nearby to deal with any emergencies. It is not too much to ask to keep that fire station; local people should not have to plead to keep it.

People in my constituency appreciate—indeed, I do, too—that things need to move on. Local residents are not opposed to change, but they just do not understand why they have to lose their fire station because of change. Frankly, they do not think that they have been given a good enough set of reasons to explain the loss of their fire station. The very first priority must surely be front-line public safety.

It would not be too much to say that people in my constituency are also frustrated by the whole process of change. A flawed consultation, costing in excess of £300,000, was carried out, but it consistently showed the local population's anger at the proposed closures. People have turned to their local town councillors and district councillors, who have supported them. They have also turned to their county councillors.

Nadhim Zahawi (Stratford-on-Avon) (Con): I am the Member for Stratford-on-Avon, and I will speak very specifically about the three fire stations in Alcester, Studley and Bidford. I just want to bring to hon. Members' attention—

Mr Joe Benton (in the Chair): Order. The hon. Gentleman cannot make a speech. You can make an intervention, with the permission of the Member who has secured the debate—I understand that to be the case. Any contribution to the debate must take the form of an intervention, not a speech.

Nadhim Zahawi: You put that very beautifully, Mr. Benton; you are quite right. I therefore thank my hon. Friend for allowing me to intervene on him in this debate. I shall just add that the initial consultation on this issue was deeply flawed, which I think was recognised in the end. I went to see the chief fire officer before May—I will see him again on Friday—to press the point home that the local community and the local fire officers in Bidford, Studley and Alcester have not been in any way objectionable. In fact, they have been very proactive and John Maples, my predecessor as the MP for Stratford-on-Avon, has worked very hard with them. They have put forward a very strong proposal, which I have supported throughout this process, and I just implore the councillors to look at that proposal for Bidford, Studley and Alcester fire stations to remain open, because if one looks at all the evidence that I have before me, which I am sure my hon. Friend has also seen, one sees that if those stations close the length of time that firefighters will take to get to fire hazards would be increased to what I believe would be an unacceptably long time. So I implore the councillors to listen very carefully before they make the decision to close those three fire stations.

Chris White: I thank my hon. Friend for his intervention. If the arguments that he is using are not enough, the proposals really fail on the common-sense test. The proposals rightly say that the range of incidents and the types of risks have changed—those things have changed—but the consultation document has not considered the fact that Warwickshire is due to experience an increase in housing and industry. As the economic recovery happens, we still need to look at how we strategically place our fire service provision.

We need a more reliable and faster fire service; but on a common-sense level, how can that be achieved with fewer firefighters and fewer fire engines? Withdrawing a third of the local fleet does not seem to be the best method to increase response times or reliability. The proposals say that we need to increase the training of firefighters, but what good will that do if there are not enough of them to go around? Getting rid of a group of highly skilled retained firefighters will not help to tackle a skills shortage.

Even more unreasonably, the proposals say that retained fire engines suffer from insufficient crewing. Obviously, therefore, the most logical response to a shortage of retained firefighters is not to get rid of retained firefighters. Who in their right mind would apply to become a retained firefighter, sacrificing their time and energy as well as taking enormous personal risks, when they can be got rid of so easily?

Tackling road incidents is the fastest growing area of work for our fire service. Forgive me if I am wrong, but surely it is obvious that responding to that growing area of work requires more fire engines, not fewer. However, having fewer fire engines is exactly what the fire service is proposing. It is seeking to reduce the number of local fire engines by 10, yet it has gone to the great length of hiring a new assistant chief fire officer, which, from my point of view, seems to be a very retrograde step.

I appreciate that our fire service is a key part of the national resilience network and that arguments have been made that a greater focus is needed on that aspect of its work.

Dan Byles (North Warwickshire) (Con): I am grateful to my hon. Friend for giving me the opportunity to make a couple of points of my own. I think that he is aware that, as an officer of the Royal Army Medical Corps, I have been personally responsible for conducting emergency medical and fire response planning and training for NATO troops in Bosnia, so the subject of this debate is one with which I am fairly familiar.

I think that we all fully understand the difficulty that Warwickshire county council finds itself in. The senior firefighter for Warwickshire has recommended these changes, and the council cannot simply dismiss them out of hand. Therefore, to consult widely on these proposals was the right thing to do—

Mr Joe Benton (in the Chair): Order. I just want to point out that Members can only make interventions—I do so in the nicest possible way—and that they cannot make speeches. The hon. Gentleman who secured the debate asked me if it was okay for his colleagues to intervene, not to make speeches. So, in the best possible manner, I just point that out to Members.

Dan Byles: Thank you, Mr Benton. I apologise. As I am obviously a new Member, perhaps I am still finding my feet a little in relation to some of these matters. I therefore just want to ask my hon. Friend whether he agrees that the county council must now demonstrate that the consultation was a genuine exercise and that local people's concerns will be listened to? During the consultation, a number of us asked the leader of the council and the chief fire officer whether public confidence in the proposals was a factor that they were taking into account, and I think that the people of Bedworth, Warwick and Warwickshire have clearly shown that they have no confidence in a number of these proposals.

Chris White: I am certainly happy to pass on my hon. Friend's concerns, and I am sure that we will all be working in our own way. I apologise for some of my colleagues, Mr Benton; it is a happy disaster that so many new Members have been elected in Warwickshire.

The Morphew report, published in 2007, made it clear that waste and inefficiency were present, not because of too many fire stations but because of too much bureaucracy, which is something that we all understand from many other walks of life. According to the report, the Warwickshire fire and rescue service spent more per head on non-uniformed staff than any other county fire and rescue service in the country. The difference was not small: Warwickshire spent 220% more than its nearest rival, and it has between 15% and 20% more support staff than any similar fire and rescue authority in the country.

The report not only identified waste on non-uniformed and support staff, but outlined that Warwickshire had the sixth highest corporate and democratic core costs out of 43 fire services. Those costs increased by 54% in the four years preceding the 2007 report. The report also stated that such costs accounted for about £5 million of the Warwickshire fire and rescue service's budget. A conservative saving of 10% on those costs, rather than on front-line services, would cut £500,000. I respect the work of our support and non-uniformed staff and I appreciate that all organisations in this country face rising costs, but if it comes down to a choice between

[Chris White]

saving firefighters and fire stations and spending more on back-room staff. I know which one the people of Warwick would prefer.

Mark Pawsey (Rugby) (Con): I compliment my hon. Friend on securing this debate and on the strong case that he is making in respect of the consultation affecting the fire service in Warwickshire. Will he join me in advancing the case for Brinklow fire station? It is a retained station north of Rugby in my constituency that serves a rural area. Significantly, it is near junction 1 of the M6. Warwickshire has many motorways, and the ability to get to a motorway fast is important. I thank my hon. Friend for giving me the opportunity to speak, and I compliment him on his remarks.

Chris White: I hope that the Minister will recognise that there is clear and evident support across the county for every one of our fire stations.

Our constituents have put trust and faith in us by putting us in this place. They expect their Members of Parliament to stand up for them when they feel ignored or wronged. In this debate, I am doing what I can to honour that trust. However, as I am sure we are all aware, I cannot personally overturn the decision, nor would it be right for me to do so. I do not seek to undermine the authority of the county council or confidence in our fire station, and I respect the hard work done by our councillors and the Warwickshire fire and rescue service, but in cases where the local community's wishes are absolutely and unequivocally clear, something must be done. I call on the Government from this platform to do what they can to influence the decision and to ensure that proper consultation is carried out, that the rationale for closure makes clear and absolute sense and that local residents' wishes are heard. The people of Warwickshire deserve nothing less.

4.13 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on securing the debate and raising what I know is an important issue for him and the other hon. Members who have spoken, as well as their constituents. The fire service is important, as it deals with people's lives, and it is therefore particularly appropriate that this debate has been so well attended by hon. Members from the county of Warwickshire. I take on board the points made by my hon. Friend, whom I listened to with care. I also take on board the points made by hon. Members in interventions, as well as those that have been made to me by the Lord Commissioner of Her Majesty's Treasury, my hon. Friend the Member for Kenilworth and Southam (Jeremy Wright), who, as another member of the Government, is not in a position to speak in this debate, but has taken the trouble to contact me on behalf of his constituents.

Against that background, I understand my hon. Friend's pride in Warwickshire's fire stations and the services that they provide. Local pride in services is one reason why we as a Government are committed to localism for the fire service as well as the rest of local government. Local providers are best placed to know how to serve their local communities and, importantly, to know what level of service that might entail and the best means of delivering that service.

I associate myself with the support of my hon. Friend the Member for Warwick and Leamington for the work of firefighters in Warwickshire, particularly the retained firefighters to whom he referred, who work hard to keep the people of their communities safe. We should be immensely proud of them. I had the pleasure to meet officials of the Retained Firefighters Union earlier today. The retained service has the full support and confidence of the Government.

The background to the proposals is based in the governance and statutory arrangements controlling the fire services in England. Fire and rescue authorities are required to produce and regularly update an integrated risk management plan, sometimes called an IRMP, which identifies and assesses a local need and sets out plans effectively to mitigate existing and potential risks to communities. The Warwickshire fire and rescue authority's plan was produced by that process.

The process epitomises localism by enabling each fire and rescue authority to decide how best to provide fire and rescue-related services. That, of course, includes prevention and protection as well as response. Resources are allocated on the basis of an evaluation of risk and where risks are greatest. The evaluation includes such strategic and operational issues as the siting, manning and equipping of fire stations and their hours of operation, and should also take into account cross-border arrangements with neighbouring authorities. Local requirements are thus determined by local people according to local circumstances.

An evaluation under that process has led to specific considerations by the Warwickshire fire and rescue authority to change the fire cover arrangements in its area in light of both the assessed risk and the availability of resources. It is fair to say, of course, that fire and rescue authorities, like all other public services, must be cognisant of constraints on budgets in the circumstances of the economic crisis inherited by this Government. Equally, of course, it is the Government's determination that priority should be given to services at the front line. It is therefore right that many of the proposals in IRMPs—this applies across the country, not just in Warwickshire—aim to increase efficiency. By so doing, fire and rescue authorities can maximise the amount of risk-reducing activity they can deliver from the resources available. That is clearly the right approach, and the aim must always be to ensure excellent service delivery.

I know that that sometimes involves difficult decisions. Having served as a member and leader of a fire authority myself, I am conscious that, in such circumstances, there are often contrary arguments that are advanced in good faith that must be weighed up. I have read Warwickshire fire and rescue authority's improvement plan proposals, which cover many areas besides fire station changes, such as the promotion of public fire safety, increased firefighter training, enhanced flood response, the introduction of a specialist road traffic collision unit, and the deployment of small fires units and target response vehicles. I note that Warwickshire contends that, overall, the plan will ensure that current fire cover is maintained across all areas and that, in some areas, it will be improved. It also contends that there will not be an adverse effect on response times.

Of course, I have heard a number of counter-arguments in today's debate that have echoed the concerns expressed locally in the past six months or so. I am also aware that the inquiry into the tragic deaths of firefighters at Atherstone on Stour remains outstanding. An argument can be advanced for bearing in mind the outcome of that inquiry before coming to any final conclusions on the shape of the service although, as I will make apparent, that decision is not for me to make as Minister; it is for the fire and rescue authority to make.

It is a requirement that the IRMP and any significant changes to it are subject to full consultation with the local community prior to agreement and implementation, and I am aware of the amount of debate that has already been generated about these proposals. At one level, that degree of interest is a good thing. One never likes to see controversy, but the process has generated a real sense of engagement in the communities concerned about the importance of the fire service in their area. As someone who believes passionately in the fire service—as I did before I became Minister—that is something I welcome. Although such a process is healthy, it is right that both sides of the debate are heard, and therefore I recognise and commend the role of my hon. Friend the Member for Warwick and Leamington in ensuring that counter-arguments are appropriately focused and conducted, and presented to the fire and rescue authority before it takes its decision.

Against that background, I come back to the crucial point that it is not the place of central Government and Ministers to intervene in the operational proposals of a local authority's IRMP or the associated balancing of competing local demands on available resources. The consideration of such proposals and the assessment of the benefits to the communities that are served are rightly the role of elected members of the authority concerned. They should make the appropriate decisions on the basis of the professional advice of the principal officers of the fire and rescue service and, as we have seen, following due consultation with the local community.

It might well be that members wish to come to a view on the material that they already have, that they will wish to consider options that are being put forward by various interested parties, or that they wish to consult across the areas of advice available to them about the options that are appropriate. I am sure that they will bear in mind the broader background to these proposals. That said, because of the statutory position and the correct political process of localism that applies here, I am sure that you, Mr Benton, and my hon. Friend will understand that I am unable to comment directly on the specific proposals that are being put forward and consulted upon by Warwickshire fire and rescue authority. The very principle of local determination and local solutions for local circumstances means that it would not be appropriate for me to attempt to influence the decisions with which the fire and rescue authority will be faced on 20 July in the light of representations made to it.

There is still a period of time between this debate and the decision on 20 July during which representations can be made. I am sure that all hon. Members who have spoken and others who are interested will continue to take the opportunity make such representations. My hon. Friend's case was made powerfully and with admirable succinctness—such admirable succinctness that I am in the dilemma in which Ministers sometimes find themselves by wondering whether I should repeat my remarks until 4.30 pm.

Nadhim Zahawi *rose—*

Maria Eagle (Garston and Halewood) (Lab) *rose—*

Robert Neill: I am not sure that was a wise thing to have said because it appears to have invited interventions.

Maria Eagle: Speaking as a former Minister, I can advise the hon. Gentleman that he could always sit down early and give the next debate an extra five minutes.

Robert Neill: I am very grateful to the hon. Lady for that sage advice. I will let my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi) have a final word and then I think we can move on.

Nadhim Zahawi: It is important that our voices are heard and that my hon. Friend the Minister's voice is heard. I am pleased that he has at least asked the county council to consider further consultation on the proposals, so that we can get local community support. My hon. Friend the Member for Warwick and Leamington (Chris White) was absolutely right when he said that if the confidence of the local community is not carried, it would be a tragedy. That is what I suggest should be echoed back to that decision-making meeting on 20 July.

Robert Neill: I am sure that those taking the decisions will have heard this debate and will no doubt read the transcripts of it. As I said, it is not for me to comment on specific proposals when the decision must be taken by others, so I cannot go any further than again congratulating my hon. Friends on raising these matters. I shall therefore follow the advice of the hon. Member for Garston and Halewood (Maria Eagle) and conclude.

Building Schools for the Future (Liverpool)

4.27 pm

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): I welcome you to the Chair, Mr Benton. It is particularly appropriate that you are in the Chair for this important debate, because you represent my neighbouring constituency of Bootle. I also welcome the Minister to the Chamber and congratulate him on his appointment to one of the most interesting and enjoyable jobs in Government. I am delighted that all four of my colleagues from Liverpool are here for this debate because that demonstrates the incredible strength of feeling across the city on the issues that I will raise and that my colleagues will, I am sure, mention in interventions.

The focus of the debate is the importance of investment in education in Liverpool. It is important for the life chances of children and young people, for social mobility and justice, and for the future economic prospects of the city. A vibrant knowledge economy is absolutely crucial for a city such as ours, and that is especially the case if we are to meet the challenge of increasing the role of the private and voluntary sectors in the city region's economy.

I shall quote from two business leaders in the city of Liverpool. First, Chris Musson, chief executive of the Liverpool science park, said:

> "The future for cities like Liverpool has got to be in higher value economic sectors. Investing in education and creating a generation of state of the art new schools is a vital element in the bigger economic picture. At Liverpool Science Park we are providing support to new knowledge-based businesses. If we, in conjunction with our partners, are to continue to grow the commercial knowledge economy it is vital that there is a qualified and capable supply of talent from which knowledge-based companies can recruit."

Another business leader, Frank McKenna, who chairs Downtown Liverpool in Business, said:

> "The Building Schools for the Future programme is as important to our future economic success as the Liverpool One retail development or the Capital of Culture. Investment to transform education is essential to the development of a high-skill, high-value economy in Liverpool."

Over the past 13 years, we have seen a remarkable improvement in attainment in Liverpool's secondary schools. In 1997, the city had one of the lowest attainment rates at GCSE; just 32% of 16-year-olds achieved five or more A* to C grades. The most recent figures available show that in 2009 that attainment rate had grown from 32% to 74%, which is 8% higher than the national average. I pay tribute to the hard work of staff and students, backed by their parents, and the local authority in achieving that incredible transformation. Liverpool's Building Schools for the Future programme is designed to learn from that educational progress over the past 13 years so that we can promote excellence in all Liverpool schools.

I want to say a few words about Building Schools for the Future nationally. I had the privilege of serving for three years as a Minister in what was then the Department for Education and Skills, when my right hon. Friend the Member for South Shields (David Miliband) led the original proposals for Building Schools for the Future. We looked at decades of low investment in school buildings under Governments of both main parties, frankly, through the '70s, '80s and '90s. We looked not only at the physical fabric of schools, important though that certainly is, but at a programme that, more importantly, would support improvement, innovation and change in all our schools. That is a massive challenge, so we had to decide where to start. We made a deliberate policy decision to give priority to those areas with the highest levels of social and economic deprivation. That is why Liverpool is one of the first beneficiaries of Building Schools for the Future, the biggest ever investment in education in the city.

There are six schemes already under way as part of a £135 million wave 2 investment, and I am pleased that three of them are in my constituency: West Derby school, including Ernest Cookson school; Broughton Hall high school; and Cardinal Heenan high school. I have had the opportunity to visit all three of them. They are already excellent schools and have hugely impressive plans. What is most striking is the ambitious education vision at the heart of their plans. I am especially pleased to have been invited to open the brand new West Derby school in September.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does my hon. Friend agree that the programme is vital for the whole of Liverpool, that schools such as Archbishop Blanch school, St Hilda's school and Shorefields school would benefit from participating in it and that it would be very cruel to crush their ambitions through any clawback on projects already in the pipeline?

Stephen Twigg: I thank my hon. Friend and hope that in the course of my speech all my colleagues will have the opportunity to intervene, so that all the schools benefiting from Building Schools for the Future in Liverpool can be mentioned in the debate. The programme is about education transformation, led by the schools themselves; it is not some central Government initiative being handed down from on high. Many of the schools in the programme are already high achievers, but they are being constrained by their buildings.

Wave 6, the next wave of Building Schools for the Future, involves 26 Liverpool schools, with a promised investment of £350 million. The council has identified two sample schools: Archbishop Beck school, which is in the constituency of the my hon. Friend the Member for Liverpool, Walton (Steve Rotheram); and St John Bosco school. Five years ago, Archbishop Beck school was in special measures, but it has made huge progress since then and its results are now above the national average. Ofsted has judged the school to be "good, with many outstanding features". St John Bosco school, which is in Croxteth in my constituency, was last month judged by Ofsted to be "outstanding". I visited the school last month and was hugely impressed by the focus on standards, the high proportion of the girls who are going on to university in what is a very deprived community and the active involvement of the students themselves in the development of the Building Schools for the Future plans.

Five other schools in my constituency are in wave 6, two of which are special schools: Clifford Holroyde school, a wonderful school for children with severe behavioural difficulties; and Sandfield Park school, which has plans under Building Schools for the Future to increase the school roll from 70 to 100, which will mean fewer Liverpool children with disabilities having to leave the city for their education. De La Salle school in Croxteth is also an outstanding school, and it is due to

become an academy as part of the programme. Holly Lodge school in West Derby is a fantastic school that desperately needs that investment. It has exciting plans that it has worked on for four years, and the head teacher has told me that they will be devastated if the investment falls through. St Edward's college, a well-known, highly renowned and popular local school, is also in wave 6.

For all those schools, Building Schools for the Future brings benefits to the schools and also to the wider community, such as better sports and arts facilities—the Holly Lodge school proposal includes plans to open a local cinema, in partnership with FACT cinema in the city centre—adult learning opportunities and extended schools services. The programme will bring high-quality education to many of the communities in Liverpool that we represent, which provides the best hope for social mobility. That is an argument of social justice, but it is also an argument of hard economics. Liverpool's Building Schools for the Future proposals offer a systematic and structured new set of relationships between every secondary school and an identified business partner. That builds upon existing links between a range of Liverpool businesses, such as Jaguar, Everton football club and Merseytravel, and schools, first, to support learning and teaching in the schools and, secondly, to help shape the skills of the future work force.

Maria Eagle (Garston and Halewood) (Lab): I congratulate my hon. Friend on securing the debate, and we all fully support what he is saying. I will not give a litany of schools in my constituency, but does he agree that in deprived communities such as Speke, which I represent, building new schools has played a key part in decreasing disadvantage and increasing attainment and that not continuing with the programme would put us at risk of becoming incapable of enabling our children to fulfil their true potential and to contribute in adult life as we would wish them to do?

Stephen Twigg: My hon. Friend is absolutely right. The progress I mentioned when I gave the statistics at the beginning of my speech is testament to all sorts of things, not least the hard work and professionalism of the teachers, the teaching assistants, the young people and their parents. It is also testament to the extra investment that has come into schools in Liverpool, which has provided new facilities in schools and new members of staff through the support work force. I am confident that the schools to which I have referred that are already coming through as part of Building Schools for the Future will deliver real change. We are a quarter of the way there, so it would be a great shame if the schools that are due to come in though wave 6 do not get that opportunity.

Bill Esterson (Sefton Central) (Lab): I congratulate my hon. Friend on securing the debate. Mr Benton, in your constituency and mine, we were due to start phase 1 of Building Schools for the Future this year, but that has been put on hold until the review is carried out. My hon. Friend will recognise that many students from Liverpool attend schools in both our constituencies. In mine, Crosby high school and Chesterfield high school are due to be collocated, and I hope that he will join me in saying how important it is that that goes ahead, as Crosby high school is a specialist school and its children, who have special needs, will benefit from being on the same campus as a mainstream school.

Stephen Twigg: I certainly concur with everything that my hon. Friend says. As part of the programme, a number of the schemes—in Sefton, as well as Liverpool—seek that collocation between existing special schools and mainstream schools. That can have some important educational benefits, but also obvious social benefit for students in both sets of schools. I thank him for taking the opportunity to raise that point.

As well as the business links between the schools and particular local employers, Building Schools for the Future can also support regeneration in communities, many of which suffer from high levels of long-term unemployment. An obvious way that happens is through the programme's immediate economic impact on the construction industry. The Minister may be familiar with a report published by the UK Contractors Group last year entitled "Construction in the UK economy: The Benefits of Investment". It estimates that every £1 the Government invest in building a new school has a net cost of just 44p to them, but a wider total economic benefit of between £3.80 and £5. In this economic period, when we have come out of recession but have a fragile economic recovery, a programme that gives such a boost to the local economy and the construction industry is surely a worthwhile one with which to continue.

Liverpool estimates that Building Schools for the Future wave 6 will create at least 200 new apprenticeships for local people, and I am sure that the same will apply in Sefton and neighbouring authorities that seek to benefit from the programme. Building Schools for the Future can prepare the young people in schools today for the jobs of tomorrow and provide much needed jobs and apprenticeships today for young people and older people in our local communities.

The Government have been clear since the election that they are reviewing Building Schools for the Future—indeed, there were rumours that we could expect an imminent announcement on its future direction. I would like clarification from the Minister on, first, the time scale for the review. Clearly, the uncertainty hanging over schools—not only those in Liverpool—is itself damaging, so they would like a sense of how quickly decisions will be made. Secondly, what are the criteria against which central Government will make the decisions, and, thirdly, what opportunities will exist for MPs, local authorities and schools to make representations as part of the review? I would like to bring a delegation from Liverpool to meet the Secretary of State at his earliest convenience to make the case for Liverpool's Building Schools for the Future programme.

I know from previous encounters, when we were on opposite sides of the House to those we are on now, that the Minister is personally deeply committed to high educational standards in all schools. I hope that he will take the opportunity today, first, to congratulate the schools and students in Liverpool on their fantastic progress over the past 13 years; secondly, to recognise the considerable hard work put in by the schools and the city council to develop their Building Schools for the Future plans; and, finally, to give us some optimism that that work has not been done in vain.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I thank my hon. Friend for securing today's debate. It is a timely debate; I have a meeting on Friday in my constituency with six schools that are expecting building

[Luciana Berger]

work later this year under Building Schools for the Future wave 6. It is not only with the heads and their chairs of governors, but with members of the local business community, who, as my hon. Friend highlighted, are very supportive of the scheme. Does he believe, as I do, that every teacher deserves to teach, every student deserves to learn and every parent deserves to know that their children are being taught in an environment fit for the 21st century? It will be a travesty if all the Liverpool schools in Building Schools for the Future wave 6, including the six in my constituency, are not built later this year.

Stephen Twigg: My hon. Friend makes the case powerfully and eloquently on behalf of all the schools in her constituency that are part of the programme. As I said at the beginning, there is a vision here. It started with Ministers in the previous Government but was based on the evidence of schools such as the ones my hon. Friend cites, which is evidence that very poor buildings hold back schools that, in many ways were doing well and making great progress, but that could become schools that do excellently, if they had the necessary facilities and buildings.

Steve Rotheram (Liverpool, Walton) (Lab): I congratulate my hon. Friend on securing this debate on one of the most important issues affecting our great city; its importance is proven by the presence here today of not only the five local MPs but our near neighbours. Its importance to our city is obviously predicated on the need to continue the educational transformation within Liverpool that was outlined earlier. The programme is important because that £350 million of investment will create employment and apprenticeships.

Health and health inequalities in Liverpool have not been mentioned. My constituency, unfortunately, still has two wards that rank in the top 10 of the indices of multiple deprivation. The opportunities provided by £350 million of investment will help tackle health inequalities in my constituency.

Stephen Twigg: I shall conclude to give the Minister a chance to respond. I thank my hon. Friend; he makes the case powerfully, and it takes me back to where I started. When we looked at the programme nationally, we deliberately started with constituencies like his and mine because they have the levels of deprivation and inequality to which he referred.

For the life chances of children and young people in Liverpool and for the future of our city region's economy, I urge the Minister and Government to give Liverpool's Building Schools for the Future programme the green light.

4.47 pm

The Minister of State, Department for Education (Mr Nick Gibb): I congratulate the hon. Member for Liverpool, West Derby (Stephen Twigg) on his return to the House and on securing the debate. He always showed great commitment to and ambition for children and young people as an Education Minister, and he is a great advocate for Building Schools for the Future. I am happy to add my congratulations to his. I congratulate the schools throughout Liverpool that have made such great advances on their educational achievements and I also congratulate the teachers and students on what they have achieved in recent years.

It is the Government's ambition to raise the quality of education for every child. As the hon. Gentleman acknowledged, I am a passionate believer in high quality education, and so are the Government. We want to raise the standard of education in every school. Too many children still leave primary school without having achieved the basic standard in reading. We need to sharpen the curriculum, restore confidence in our exam system, ensure that young people go on to work, further or higher education with the skills and qualifications that are valued by colleges, universities and employers, and create a platform for success for the pupil. A first step toward that ambition was the introduction of the Academies Bill, which aims to give more schools the opportunity to enjoy the freedoms that academies have, so decisions about what is taught, how it is taught and how the school is run are placed back in the hands of the professionals.

As has been said, school buildings have a real place in our ambitions for school improvement. As the hon. Member for Liverpool, Riverside (Mrs Ellman) said, it is vital for all schools in Liverpool. As the hon. Member for Garston and Halewood (Maria Eagle) said, building new schools helps to tackle disadvantage and educational under-achievement. As the hon. Member for Sefton Central (Bill Esterson) said, new schools can bring in things such as co-location between mainstream and special schools, and as the hon. Member for Liverpool, Wavertree (Luciana Berger) said, every child and teacher deserves to be in a building fit for education and for the 21st century. Finally, the hon. Member for Liverpool, Walton (Steve Rotheram) emphasised the importance of educational transformation and the need to tackle health inequalities. All those were important points to make in this debate, and I agree with all of them.

Teaching is probably the most important factor bearing on pupils' outcomes, but it is right to say that the environment must be conducive to and must support education as far as possible. Good buildings, classrooms and equipment are necessary for children to learn, and to make their school a place where they feel happy and secure. Schools will continue to need rebuilding and refurbishing in the future, and, with a rising birth rate, more school places will be needed, which will, of course, require capital spending.

However, we also have to acknowledge, as the Chancellor made clear in his Budget last week, that we are living in a difficult fiscal climate in which £1 of every £4 that we spend is borrowed, and, increasingly, professionals across all public services are being asked to do more with less. That is the reality of the times in which we live, but, despite the deficit that this Government have inherited and the need to make £6 billion of savings this year, we have protected front-line funding for schools, sixth forms and Sure Start, and we remain committed to investing in the schools estate to ensure that pupils are educated in buildings of a good standard where they feel safe, comfortable and ready to learn.

We need to ensure that we are securing for teachers, head teachers and the taxpayer the best possible value for money as we seek to bring expenditure under control. That will mean some tough decisions. BSF was a flagship

programme of the previous Government, who aimed to rebuild or refurbish every secondary school in the country by 2023. Where it has delivered, some impressive new buildings have been built, but that has been at great cost.

Rebuilding a school under BSF is three times more expensive than building a commercial building, and twice as expensive as building a school in, say, Ireland. The programme simply has not delivered as it should have. Of 3,500 secondary schools, only 5% have been rebuilt or refurbished, or received BSF funding for information and communications technology. That is just 178 schools—astonishingly few, considering how much has been spent.

The programme never really got off on the right foot. In February 2004, the Department's goal was to build 200 schools by 2008, but, of those 200, only 42 were completed by the end of that year. Ambitions for the programme started out as unrealistic and then became unfeasible. Last year's National Audit Office report on BSF said that for the programme to realise the ambition of rebuilding or refurbishing every secondary school,

"250 schools will need to be built a year and the number of schools in procurement and construction at any one time will need to double"

from the next year. That clearly is not sustainable, particularly in the current climate.

The NAO report also documented the tremendous waste that has become synonymous with BSF. The budget bulged from £45 billion to £55 billion, and the time scale increased from 10 years to a projected 18 years. Of the £250 million spent before building began, £60 million was spent on consulting or advisory costs, supporting layer upon layer of process. There are eight official stages to the BSF process, but each one contains its own substrata of complexity. The second stage, strategic planning, has a further nine stages that lead to the completion of a strategy for change. Process upon process, cost upon cost—BSF and its administration and procurement processing have not represented good value for money. We support capital investment, but we need to ensure that procurement minimises administration and consultants' costs.

Bill Esterson: I want to be clear about what the Minister is saying. I take on board his point about getting procurement right, but is he saying that he will commit to the BSF programme once he is satisfied that the procurement is right?

Mr Gibb: The hon. Gentleman will just have to wait until I finish my comments.

It should also be borne in mind that, in the previous Government's final Budget, it was clear that if Labour won the general election, they would cut capital spending across Departments by more than 50% over the following three years. Some of those cuts inevitably would have fallen on schools. Indeed, the right hon. Member for Morley and Outwood (Ed Balls), who is now the shadow Secretary of State for Education, admitted in the House that school capital spending was not protected under Labour's plans.

As the hon. Member for Liverpool, West Derby said, Liverpool was one of the first local authorities to enter the BSF programme: it has one school open and another 34 in the programme. We are acutely aware that a great number of parents, pupils and school staff are affected by decisions about school building projects, and we have no wish to keep anyone—not even the hon. Gentleman—waiting longer than is absolutely necessary. The wave 2 projects in his constituency are already under construction. As such, it is unlikely that any changes in the BSF programme would impact on projects that are so far advanced.

I hope that that will go some way to reassure the hon. Gentleman about the projects in his constituency, but we cannot yet confirm the future of individual projects. I am afraid that I cannot offer him or any other hon. Member present today any further reassurance, but I would be happy to keep in touch with all those who have taken part in the debate.

Maria Eagle *rose—*

Stephen Twigg *rose—*

Mr Gibb: I will happily give way to the hon. Lady and then to the hon. Gentleman.

Maria Eagle: I am grateful to the Minister. We heard from the Leader of the House last week that there might be a statement this week about BSF—he said so clearly. Are we still to get that statement this week, or has it slipped back until next week?

Mr Gibb: I can assure the hon. Lady that there will be an announcement shortly.

Stephen Twigg: I mentioned this in my speech—I realise that the Minister has a short period in which to respond. Would the Secretary of State be willing to meet a small delegation from Liverpool that would include the leader of the council, Councillor Joe Anderson, and the cabinet member for education, Councillor Jane Corbett?

Mr Gibb: I can certainly offer the hon. Gentleman a meeting with Lord Hill. I dare not speak on behalf of the Secretary of State, but I know that my noble Friend Lord Hill would be happy to meet him and a delegation from Liverpool to discuss the details of BSF in Liverpool. All hon. Members present would be welcome at that meeting.

We are committed to raising standards in all schools, right across the education sector. In doing so, we will focus on raising outcomes for all pupils, on reducing bureaucracy and on restoring our education system to being one of the best in the world. Capital investment remains important to our programme of school reform, but it must be efficient and cost-effective, and it must reflect the best possible value for money so that children benefit from the best possible standard of education and teaching.

Question put and agreed to.

4.58 pm

Sitting adjourned.

Westminster Hall

Thursday 1 July 2010

[MR JOE BENTON *in the Chair*]

Supporting Carers

Motion made, and Question proposed, That the sitting be now adjourned.—*(James Duddridge.)*

2.30 pm

Mr Joe Benton (in the Chair): Before I call the Minister, I want to explain, chiefly for the benefit of new Members who are attending Westminster Hall for the first time, that the procedure for this debate will be that I will call the Minister, after which I will call individual Back Benchers. I hope that we can begin the winding-up speeches from the Opposition spokesman and the Minister at about 5 pm.

2.31 pm

The Minister of State, Department of Health (Mr Paul Burstow): It is a great pleasure to open the debate and to do so as a Minister. I look forward to working with the hon. Member for Worsley and Eccles South (Barbara Keeley) in her new role as an Opposition spokesperson on health. I forgot to welcome her to her role at Question Time the other day, so I put that right now.

We are here to debate a very important issue for our society: how we offer proper support for the nearly 5 million adults in England who spend a significant proportion of their life providing unpaid support to family members or friends. Among those 5 million adults, there is real diversity with respect to the amount of care they provide, how long they provide it for, and when they provide it during their lives.

For instance, the biggest group of carers is made up of older people in their 60s or 70s, or even their 80s. Typically, they are looking after a husband or wife who is in declining health, although they themselves might be in poor or frail health. They are often devoted to their husband or wife, yet they are deeply concerned about what the future holds. The existence of that group reinforces the need for better identification of carers, for better ongoing support to ensure that they stay healthy and well, and for better integration of services across health and social care to ensure that those carers are fully involved in the treatment and ongoing care of their spouse.

Next, there are carers of my generation—people in their 40s or 50s—who find themselves caring for a parent or partner for several years, or perhaps longer. Those people need real flexibility and control to ensure that they can balance their caring duties with their work responsibilities and bringing up their own families. They are the "sandwich generation" that is often talked about.

There are also significant numbers of lifelong carers, who might have a son or daughter with a physical disability or a learning disability. They can become carers in their 20s. They have a lifelong commitment to support a loved one, which means that we are looking for support that can help them to lead a life outside caring, and to have a career, a marriage, friendship and hobbies—all the things that the recent carers week survey told us that so many of them do without.

Let us not forget about young carers. Officially, there are 175,000 of them, but I think that we all know that that figure is just the tip of the iceberg and that there are significantly more. Young carers are children who do not have a recognisable childhood because of their caring responsibilities. They do amazing things to support parents, brothers or sisters, but they need considerable support themselves. They need tailored and integrated support, with schools, social services and community groups working together to ensure that they have the same opportunities as other young people: a good education; good health; training opportunities; a social life; and, yes, the ability just to be children and have fun, which is what childhood should be about.

I am making the point that the policies that we introduce and the support that we offer must reflect that kaleidoscope of carers' backgrounds, experiences and needs. Although many carers enjoy their caring responsibilities, I have no doubt that hon. Members in the Chamber have met carers in their constituencies who are at the end of their tether. Those carers feel undervalued and overlooked, and frustrated that the care and support available is not tailored to fit their families' needs. Sometimes they feel a whole host of emotions: anger that such a thing could have happened to their family; grief at a life forgone out of love and duty; and guilt for feeling that they need a break, a breather and a bit of time to themselves.

That is why mainstream statutory services can make a massive difference. A comparison of the findings of the personal social services survey by the Department of Health, which was published yesterday, with the findings of the recent Carers UK survey entitled "No life of my own" reflects that point. The Department of Health survey of 35,000 carers, all of whom were in contact with statutory services, found that only 13% reported having no time to do anything that they valued or enjoyed. In contrast, the Carers UK survey of more than 3,000 carers who may have had little contact with the NHS or social services reported that 76% of respondents did not have a life outside their caring role.

What does that tell us? I think that it suggests that when carers have contact with services—whether in the voluntary sector, the local authority sector or the private sector—they are more likely to have a positive experience. That makes it all the more important that such services work harder for carers.

There are four points that I want to emphasise today. First, we must identify more carers so that we can put them in contact with the services that can help them. Many people simply do not identify themselves as a carer and hence do not come forward to get the help to which they are entitled. This is an area in which GPs can play a role, which was reinforced to me recently when I visited an excellent GP centre in Lambeth.

Just a few days ago, I attended a round-table event organised by the Afiya Trust at which a number of speakers told me about the specific challenges faced by certain ethnic groups. On that point, I intend to look at how we can break down some of the barriers that exist and ensure that we get culturally sensitive support to those who need it.

[Mr Paul Burstow]

Secondly, we must ensure that there is effective integration across the whole system. We need joined-up planning, joined-up commissioning and joined-up delivery for carers and the people for whom they care. Public services need to talk to each other, but not just to each other—they also need to talk to the voluntary sector. They must respond to the whole picture of a family's circumstances, rather than just considering their own specific area of expertise. We need one system pulling together, rather than different systems pulling apart.

Better integration across health and social care is particularly vital. Such integration has been talked about for years—I have attended debate after debate about it. If we want to make progress for carers, councils and health authorities will have to make such integration happen on the ground, along with their partners in the third and independent sectors.

Thirdly, we must make personalisation a reality for everyone and ensure that packages of support genuinely fit around a family's needs and the way in which they want to live their lives. We plan to do that by encouraging the far wider use of direct payments, which is already a very popular way of giving carers more flexibility and control. The Government have made a clear commitment in the coalition programme that we will encourage more local authorities to offer direct payments. We will also challenge local authorities to provide those payments, and we will encourage others to hold local authorities to account so that they provide them.

One thing that we will not do, however, is to make promises that we cannot keep, which was what the previous Government did when they promised £150 million for breaks for carers. Thanks to the Princess Royal Trust for Carers, it is now well documented that primary care trusts siphoned off that money to spend on other things. Speaking from my personal experience, I can say that getting information from PCTs about how they were spending that money was like pulling teeth. Despite the fact that inquiries and freedom of information requests were made, some PCTs conspicuously failed to answer the local population that they exist to serve.

Let me be clear that local NHS commissioners should have full autonomy and control over how they spend the money that is allocated to them. Therefore, if we are putting money into the baseline, a Minister cannot claim credit by saying that they are going to spend the money on x when they know perfectly well that they cannot guarantee that.

I stress, however, that if we agree to loosen Whitehall's grip, it is important that there is much greater local accountability. As part of a series of far-reaching reforms, we will set out shortly a programme for much greater transparency and accountability for the NHS at local level. Hon. Members and their constituents will be able to hold their local health services to account for how they spend taxpayers' money. As a starting point, strategic health authorities have already reviewed how PCTs actually go about prioritising support for carers. We will publish the results of that audit and they will be put in the House of Commons Library in the near future.

I am afraid that I have to inject a dose of realism into this debate, as we also have to deal with the repercussions of the financial legacy that the Government inherited. As the recent Budget made clear, the Government will need to make significant cost savings to help the country to reduce the deficit. There will be a premium on efficiency and on ensuring that every penny of taxpayers' money counts, reaches the front line and makes a difference to carers' lives.

That may involve difficult judgment calls. For example, I have just made the decision to terminate the caring with confidence training programme on the grounds that it was not delivering value for money or giving carers training where it mattered. We will be providing the training materials from that programme free of charge to carers' centres and others so they can carry on, with local partners, delivering training for the benefit of carers who need it. Having cancelled that programme, we can now ensure that the money does much more to benefit carers on the ground. We will shortly roll out a training programme to raise GPs' awareness of their role in, and contribution to, supporting carers.

Better support is not necessarily about spending more money; it is about spending more wisely, which is what we intend to do. At the same time, the state should not over-reach itself. There are limits to what the Government and statutory services can do on carers' behalf. As demography and patterns of disease remould our society, the wider community has a responsibility to adapt to those changes. That involves a big role for charities and voluntary groups, which can do much to stimulate grassroots response to many of the day-to-day issues that carers face. As a Member of Parliament for 13 years, I come to this debate not because of my personal experience in a caring role but because I have been taught and shown the issues confronting carers by my own carers' centre in the London borough of Sutton.

Whether we call it active communities, social capital or the big society, we need to reignite the latent sense of collective responsibility that leads people to look out for each other and make the small gestures that can help in a big way. Employers also have a big role to play in making it easier for carers to stay in work. We pledge to extend the right to request flexible working to all employees, but a right to request is not a right to have. I am conscious that change depends on whether organisations across the private and public sectors grasp the economic arguments about what making such a commitment will deliver. We will be making those arguments strongly in the coming weeks and months, and I hope that all hon. Members in the Chamber will make the case when talking to employers and employers' organisations in their constituencies. We must also make staff much more aware of the opportunity to ask for a break. The right to request was introduced four years ago, yet recent research indicates that half of those entitled to it did not even know that they had that right.

In conclusion, carers are and will remain a vital thread holding our society together. We pick at that thread at our peril. We will use this summer to develop a fresh, new carers strategy. We will build on what went before and acknowledge what the last Government did, but ensure that what we have is deliverable and affordable, and that it addresses carers' concerns. I hope that today's debate will play its part in shaping that refreshed strategy, and I look forward to hearing hon. Members' contributions.

Several hon. Members *rose—*

Mr Joe Benton (in the Chair): Order. Before I call the next speaker, I refer again to the fact that 10 Members have so far indicated that they want to speak. As Members know, the debate will finish promptly at 5.30 pm. Obviously, I will do my best to accommodate everybody, but that is not a matter for me. However, I ask hon. Members to bear that in mind so that everyone can speak.

2.43 pm

Kate Green (Stretford and Urmston) (Lab): I am pleased to have the opportunity to speak in this debate, not least because it is an important chance for us to pay tribute to the tremendous contribution made by carers across the country. I pay tribute particularly to the carers in my constituency.

As the Minister rightly said, many people do not even identify themselves as playing a caring role, yet they make a substantial contribution to supporting family members. That, of course, saves the public purse an enormous amount of money, but it frequently puts such individuals and their families under great pressure and stress.

I want to highlight the importance of providing carers with the financial support needed to participate fully in a life beyond care. That is at the heart of all the other forms of engagement and support rightly identified by the Minister, such as service support and measures enabling carers to get out into the community and, if they want to and can, to take up paid work.

I am concerned that carers are facing a raw deal financially. Many carers are placed in a position of relative poverty as a result of their caring role. I am concerned that recent announcements and the effect of the spending cuts that are still expected could put them in a yet more difficult position.

I am particularly anxious that, in the medium term, linking the value of safety net benefits to the consumer prices index will depress the value of carers' income. I think that we would all agree that carer's allowance is far from generous. Many other benefits important to families that include carers will be hit by the same constraint. The financial resources available to carers are a concern. Clearly, adequate financial resources are a prerequisite of every form of social participation: for example, the ability to take time out to go to the cinema, to go swimming or even just to have the pleasure of a cup of coffee in the town centre down the road.

The second issue about which carers have expressed concerns to me, not because it directly affects them individually but because of its effect on the people for whom they care, is the Government's intention to test eligibility for disability living allowance. Carers recognise that their entitlement to carer's allowance is affected in many cases by the assessment made of the individual for whom they care and whether that person is entitled to DLA.

I alert the Minister to the difficulties already arising in the processes for testing people for the new employment and support allowance. If testing is to be widened significantly, it is important that those problems are not replicated and that people's eligibility for benefits to which they are entitled can be confirmed quickly. It is extremely retrograde to run people through medical tests for a disability living allowance intended not specifically to meet medical needs but to support much wider social participation needs. This is about meeting the extra costs that come with disability and long-term ill health. Medical assessments do not get to the nub of those problems.

Another of the Government's financial announcements affecting carers that is causing concern is the decision not to continue with the savings gateway. Caring eats into savings, leaving families with little to fall back on. The savings gateway has been a success story, enabling people to set aside modest amounts in the knowledge that their saving plan would be supplemented and supported by Government investment. Many carers are disappointed that it will not continue.

I am sure that my hon. Friends and other hon. Members will also want to speak about the impact on the wider service network available to carers and concerns about the implementation of public service cuts. The cuts must be made in a way that protects carers and ensures that their needs continue to be met. I highlight particularly the concerns in my constituency about the tremendous time lag in assessing family members' needs that frequently leaves carers without any support at all. Often, in due course, that support is put in place, but it is quite unacceptable that assessments should take weeks, months or, in some cases, even years. In the meantime, carers are put under great pressure to manage as best they can.

Other hon. Members will also want to draw attention to the opportunities for carers to participate more fully in paid work. I was pleased that the Minister referred to the need to ensure that people are aware of their right to request flexible working and acknowledged that we have a significant job to do with regard to employers. I certainly accept his challenge to ensure that the employers in my constituency are well aware of the issue. There is a particular imperative on the public sector to lead the way and to show that it can be the sort of employer that exemplifies the highest of standards in this field.

Of course, the real problem for carers entering paid work is the massive financial disincentive that they face as soon as they earn only a modest amount of money and the cliff-edge threshold that comes in as soon as they are on earnings of more than £97 a week. I think that we can all agree that that is a modest sum—for a large number of carers, work simply does not pay. We cannot afford the carer's allowance to become the new equivalent of the much criticised dumping ground that, in effect, incapacity benefit became, when it was used as a way of massaging people out of the workplace on to some other form of inadequate benefit. It is important that carers can make work pay through a more generous disregard of earnings and a more gradual withdrawal rate as they move into paid work.

Everyone understands the financial pressures on public expenditure, but it is absolutely wrong that carers, who contribute so much and who are among the poorest, should take the biggest hit. They are being hit by the triple whammy of poor benefits, a difficulty in making work pay and a worry about the future investment in the services on which they rely. Those factors cumulatively add up to a severe limitation on the ability of carers to participate in the activities outside caring that so many of them desire to undertake. I very much hope that the public spending round of the comprehensive spending

[Kate Green]

review will provide more generosity towards that vital group of people than the Budget has given us cause to hope for so far.

2.52 pm

Chris Skidmore (Kingswood) (Con): As a member of the Select Committee on Health and secretary of the all-party group on disability, I take a keen interest in this important matter, and I am very grateful to the Government for arranging the debate.

The figures mentioned in the debate are clear. As a nation, we rely on a silent army of carers—some 6 million people or 10% of our population—to look after and support the most vulnerable in society. Those people dedicate and sacrifice their own time and lives for the sake of those whom they love. Family members depend upon such people—as we all do—to ensure that those in the greatest need live the best possible lives, as they deserve.

We should not have this debate today without admitting the enormous emotional and, at times, physical cost that the role of a carer can bring. Some 1.9 million people care for more than 20 hours a week and around 1.25 million people care for more than 50 hours a week, although I suspect that the hidden figures—those that no Department is able to calculate—are probably far greater. Often the people who have to care for a relative, husband or wife—with whom they have spent their entire lives—who is incapacitated by dementia or physical frailty are themselves elderly. It is estimated that over-65s account for around a third of all carers who provide more than 50 hours of care a week. As a result, it is sadly of little surprise that carers are twice as likely to suffer from ill health, because they are providing such substantial care.

As the Minister said, caring comes to dominate the lives of such people, and as the recent figures released by Carers UK reveal, 76% of carers have no time left at all in their lives to do anything other than care for the relative concerned. We know that carers, through their selfless dedication, make an enormous contribution to society—estimated at some £87 billion a year—yet we must realise that carers do not do what they do for money or see their role in terms of the economic benefits. Carers looking after a relative or a member of their close family—a son or daughter, their father or mother—do so because of love.

I suspect that each of us in this Chamber has in some way cared for a relative—either in the final days of their life or through some period of illness or accident—and at times have been the single person responsible for that person's well-being. That is an awesome burden to bear on one's shoulders, yet we must consider that it is carried by some people every day, with tireless devotion. However, with that devotion, comes the sheer exhaustion of wanting to do one's best to ensure that a loved one is best looked after. There may also be frustrations caused by the fact that such love is not reciprocated by the person being cared for and that, for whatever reason, they are unable to say thank you.

If a relative has a degenerative condition, a carer will also have anxiety about what the future might hold. At the same time, for a carer, considering having a few hours break or a temporary escape seems a betrayal of the love that is so clearly there. Too often, it is easy for politicians and policy makers to revert to statistics and jargon that is in many ways all too familiar to us in such debates. We must not forget that every carer has a personal story that cannot always be easily told—one that we can never put a price upon. However, we must accept that caring will take an ever greater role in the structure of our society.

As a result of improvements in the quality of treatment and medical technology, more children and young people are surviving with complex health conditions. It is estimated that 1.7 million more people will need care and support by 2026, because they are living longer, and they will need that care and support for a longer period. More people are living longer, with the number of people expected to live beyond 90 soaring. However, one in four of those people will probably suffer from some form of dementia. We must therefore recognise that, in this decade, more people than ever before will become carers.

The new Government are determined to do all that they can not just to recognise, but to improve the lives of carers across the nation—we must do so at every level—and I welcome the fact that the Secretary of State for Work and Pensions has said that the Government want to

"enhance and support that role"

of carers—

"ensuring that carers are valued throughout what we do".—[*Official Report*, 14 June 2010; Vol. 511, c. 600.]

There is a need to ensure that the benefits system is easier for carers to access. Carers UK has said that:

"carers want to see the benefits system simplified since its complexity often prevents people from finding out about their entitlements".

The welfare system that was inherited from the previous Government is hugely complicated, and simplifying the system should encourage fairness and responsibility. It is encouraging that the Government have stated that they

"will consider carefully the needs of carers as we develop our thinking on welfare reform."—[*Official Report*, 7 June 2010; Vol. 511, c. 5W.]

I, for one, thank them for that.

There is an urgent need to balance the needs of carers who work—something that has been touched upon already in the debate. It is estimated that as many as one in five carers have left or turned down a job because of their caring responsibilities or because they feel social care support is insufficient. As the Minister has outlined, there is a strong case for increased flexible working. Currently, flexible working is available to employed parents of children aged under 17, disabled children under 18 and carers of certain adults. Therefore, approximately 10.5 million employees benefit under the current legislation, including 8 million parents and 2.65 million carers of adults, yet Carers UK points out that up to 79,000 carers do not request flexible working

"because of the way that the complex definition of carer has been put together."

That must change.

Extending the right to request flexible working to all employees should help those carers. The coalition agreement contains the commitment to

"extend the right to request flexible working to all employees, consulting with business on how best to do so".

Following on from that, the Government have maintained that extending the right to request flexible working to all will ensure that individuals within the wider caring structure—for example, grandparents and neighbours—can also take a more active role in caring and managing their work and family lives effectively. That extension will also remove the stigma attached to flexible working requests, as the Minister has mentioned. Both those developments are welcome.

I welcome what the new Government are setting out to achieve in improving the lives of carers and in granting them greater independence, so that they can live their lives as best they possibly can. As the Prime Minister has said,

"carers are the unsung heroes of our society…the work they do to help disabled people is simply invaluable. Just imagine what would happen if all the carers in this country suddenly packed their bags and left. It's not just that the financial cost of looking after so many disabled people would be a massive burden on the state. It's the sheer emotional effect on all the people who depend, day in, day out, on their love and care."

Carers across the country do so much for so little. We must do even more to ensure that they are supported and looked after, which I know the new Government will do their best to achieve.

2.58 pm

Mr Iain Wright (Hartlepool) (Lab): It is a pleasure to serve under your chairmanship, Mr Benton. I remember with affection the long hours we spent together on the Housing and Regeneration Bill. I know that you will keep us in order to the best of your ability. I welcome the Minister to his new role and I wish him all the best in making sure that there is a real champion for carers in Government.

I shall concentrate on some of the issues for carers in my constituency. I know that many hon. Members will disagree with this, but I am fortunate to represent Hartlepool, as it is the best place in the country. Hartlepool is a strong, close-knit community, and a sense of community and family remains an enduring part of the Hartlepool character. Despite the knocks and disappointments that we have had over the years, and the social and economic challenges we have faced, that selfless sense of wanting to help one's neighbour down the road, or to assist one's partner, parents or grandparents as they get older, runs strongly through the Hartlepool character.

It might often be derided in sophisticated, metropolitan circles, but in Hartlepool it is not unusual for three or four generations of the same family to live on the same street or in the same estate, all providing help and support to each other. That could be a grandmother caring for her grandchildren so that the parents can work, or a son or daughter caring for older relatives. That sense of caring is very strong in Hartlepool, where people do it almost without thinking and where it is seen simply as part of being a member of a family, or as part of the "in sickness and in health" vow.

The hon. Member for Kingswood (Chris Skidmore) referred to the silent army of carers—an apt phrase—in his excellent and thoughtful contribution, and he is absolutely right. The strong sense of community is obviously demonstrated by the high quality of carers in my constituency. In a town that has a high-quality third sector, a local charity, Hartlepool Carers, stands tall with its great blend of professionalism and informality. In the past 12 months, Hartlepool Carers has provided help to more than 1,200 people. Led by Tracy Jeffries, chaired by Ruby Marshall, and with 11 paid members of staff and more than 100 volunteers, the charity provides long-term support to 560 adult carers and 125 young carers. It is estimated that the charity saves taxpayers about £150 million every year by reducing pressure on NHS resources and keeping those being cared for out of care homes and the formal care system.

The hon. Gentleman mentioned the overall national bill for the work done by carers. If we were to send such a bill to the Exchequer, it would be for more than £87 billion, more than four fifths of the NHS budget, which puts into perspective the invaluable contribution carers make. Carers provide not only an invaluable and personal service for their loved ones or neighbours, but a huge and often unrecognised contribution to the national finances. We owe them a huge debt of gratitude.

I think that we all agree that, as a country, we should be doing much more to assist carers. As the hon. Gentleman and my hon. Friend the Member for Stretford and Urmston (Kate Green) have said, carers often feel isolated and unsupported. Caring for someone can be physically demanding, and if a loved one has dementia or some form of degenerative disease such as Alzheimer's, that can be psychologically distressing. As the hon. Gentleman rightly pointed out, that can affect a carer's own health. They might feel a failure, or they might need a stiff upper lip to keep going.

In Hartlepool, many carers have given up employment because of their caring responsibilities. Not going out to work can be not only isolating, but result in real financial hardship. That is why the events that charities such as Hartlepool Carers provide are so vital for carers' well-being. They provide drop-in services so that carers can take a break and have a good cup of tea and a chat. In addition, the charity provides volunteer services, which offer carers access to low-level, but vital, support services such as gardening, dog walking and collecting prescriptions. That extra help and support might not sound like much to us, but it is absolutely vital in providing a degree of respite.

I have several questions for the Minister, and my main line of questioning follows the comments on finance made by my hon. Friend the Member for Stretford and Urmston. Frankly, I was worried by some of the comments the Minister made in what was, I thought, a decent and civilised speech, as he might have been lining us up for further cuts to the care sector. Rather than cuts, I would like to see some of the £87 billion that has been saved given back to carers. What can the Government do to encourage carers to receive what they are entitled to? Carers in Hartlepool, in keeping with the Hartlepool character to which I have referred, are far too modest and reticent to request all that they are entitled to, but it is right and proper that we should do our utmost to ensure that that happens.

I genuinely do not want to make narrow, partisan points on the matter—the remarks I am about to make do not apply to the Minister—but I am concerned that the rhetoric from the new Ministers in the Department for Work and Pensions somehow suggests that all benefit claimants are not to be believed or that they are somehow scroungers. Given the enormous contribution carers make to society and the savings to the public finances that have already been outlined in the debate, what steps

[Mr Iain Wright]

will the Government take to ensure that carers are able to come forward and receive what they are entitled to with confidence? In an era of tight public finances, what will the Minister do to ensure that some of those savings are handed back to carers?

In a similar vein, some of the low-level support services that Hartlepool Carers provides, which really enhance a carer's quality of life, are very much dependent on finances from local government. There is a strong partnership between Hartlepool borough council, Hartlepool Voluntary Development Agency and Hartlepool Carers, but the local authority is expected to find £1.7 million of savings from its area base grant this year and is bracing itself for cuts of about 30% from its total budget over the next couple of years, so tensions will naturally arise between local government and the voluntary sector. What reassurance can the Minister give to carers in my constituency that those vital services will be safeguarded?

That brings me to a particular concern about young carers. Those young people have their whole lives ahead of them and should be able to fulfil their potential, but because a family member might be ill and require support, they often sacrifice their education, their free time, their friends and their future, all because they love their family and want to help. Young carers in my constituency are ably helped by Karen Gibson of Hartlepool Carers, but I would like the Government to do so much more for them. When I was a Minister in the Department for Children, Schools and Families, I looked into the life chances of young carers, which was absolutely heartbreaking. Young carers tend to underperform in educational attainment, which in turn limits their job prospects. The Government should be giving them as much help and support as possible in order to break that artificial barrier.

Again, I do not want to make narrow party political points, but I am concerned that the Government are cutting specific programmes that could be used to help young carers, such as the future jobs fund, the working neighbourhoods fund and, in Hartlepool, a quarter of the education element of the area-based grant, which was helping young carers fulfil their potential. When I had some responsibility in government for apprenticeships, I tried to prioritise young carers for places. What work will be done across the new Government to ensure that more help will be given, particularly to young carers, to help with training places and apprenticeships that will allow them to fulfil their potential so that their love for their family is not a barrier to a successful future?

My final point relates to foster carers. This week I received an e-mail from a constituent, Dawn Robinson, who demonstrates her commitment to the local community not only by being joint secretary of the Burn Valley North Residents Association, a great residents' association where I enjoyed a fantastic pie and pea supper on Saturday night—I urge hon. Members to come along and sample the next one—but by being a foster carer and a carer to her husband. Dawn has expressed concern about the lack of flexibility for young people in foster care, as support tends to end abruptly when they reach the age of 18. She has been looking after a young person for about three and a half years, and he is fast approaching 18. She writes:

> "He is autistic, diabetic and epileptic. Over the years he has grown in self confidence but still needs help regarding taking insulin etc. and constantly needs someone with him. He now goes to college and for the first time has started to make friends. His teacher at his review said he didn't want his home life to affect his education and moving him on would be the worst thing to happen to him."

When he is 18, he will have to leave Dawn's home, and a carer and a warden-run placement will have to be found, which will obviously put additional pressure on hard-pressed resources. It would be reasonable to have the flexibility to allow Dawn to continue the current situation for several years beyond the age of 18, so will the Minister ensure that greater personalisation? He mentioned direct payments and personalisation in his opening comments, so what extra flexibility can be put into the system to ensure that the artificial break point at age 18, when the young person becomes an adult, does not hinder their progress?

The positive role that carers play across the country, especially in Hartlepool, is absolutely invaluable, as other hon. Members have said, and I hope that the Minister will recognise that in his closing remarks, as he did in his opening comments. I also hope that he will ensure that the appreciation of the role that carers play, which has been evident throughout the debate, is demonstrated by giving hard-working carers something back.

3.10 pm

Tracey Crouch (Chatham and Aylesford) (Con): This is not my maiden speech, but it is the first time that I have spoken in Westminster Hall and under your chairmanship, Mr Benton, and it is an honour to be doing so in this debate.

I want to speak briefly to signal my interest in the important issue of supporting carers. I am not an expert, a carer or a mother, and my parents are, thankfully, still physically and mentally well, so I literally have no personal experience of caring for anyone. However, in the past few years of being a candidate, and now as an MP, I have met many people who care or have cared for loved ones, and that has opened my eyes to an area of policy, a set of issues and a group of almost invisible workers who need our support.

The first carer I met in my constituency was a man called Maurice. He wrote to me about dementia and his views on the service that his wife had received. When I went to see him, I asked him to explain what had happened from start to finish. The point of the story that had most impact on me was when he started to tell me how his wife had ended up in full-time residential care because he could no longer cope with caring for her. This brave man, who has served his country and who now fights and fights for improved health services for other local people with dementia, welled up in front of me as he recalled his guilt when he realised that he could no longer care for his wife. Although so many parts of his story needed attention, it was that very point that made me wonder why he had felt so alone and unable to cope. What help had he received? Where was the support network? It might well have been there, but if a man who wears a military badge with honour suddenly realises that he cannot cope, something is not quite right.

I appreciate that caring for someone with dementia is difficult and that dementia is not the only condition that requires full-time care. To learn more, I recently visited the Medway carers centre, which is run by the Princess Royal Trust for Carers. There are 21,000 carers across the Medway authority, which includes the Chatham part of my constituency, but only about 5% of them are known to the centre, which demonstrates, as all of us in the Chamber know, that a huge number of carers out there are forgotten, unrecognised and probably inadequately supported.

I had the good fortune to meet some carers who were at the centre on the now departed caring with confidence course—I would welcome an opportunity to speak to the Minister further about his announcement about that in his opening remarks. As I spoke to those carers, a number of things became clear. The first supremely obvious point was that carers come from all backgrounds—rich, poor, male, female, old and young. Requiring care does not discriminate. I met carers who looked after their husbands and wives, and a carer who looked after her mentally ill son. I met a carer who looked after her mother and her children—she was part of the sandwich generation that the Minister mentioned. I met a carer who looked after two disabled children, but who never had a day off because respite services would take only one of them at a time.

That leads me to my second point: no two carers are the same. They might share experiences, but their needs are often very different, so the support for them needs to be flexible so that it recognises those different needs. As the hon. Member for Hartlepool (Mr Wright) mentioned, what a young carer needs is very different from what a senior carer requires. We talk a lot in policy terms about flexible working for carers, which is welcome, but many carers require flexible living, and respite care is still patchy. Supporting carers' physical and mental well-being is essential if we are to help them to carry out their role safely and effectively.

Although direct payments are excellent in principle, we still need to ensure that carers are supported so that they can make the right budgetary decisions. The carers I met were genuinely anxious about becoming, in their words, "self-employed business men". The fear of doing the wrong thing and making the wrong decision should not outweigh the benefit of giving carers more control and purchasing power. There are agencies and charities that can help, but the signposting needs to be strong and available at the earliest possibility.

I made it clear at the start of my speech that I am no expert and that I would talk only briefly. I have only a new interest in this issue as a result of meeting so many dedicated carers recently. As someone who will turn 35 shortly, and who is at the start of what I hope will be a long political career, I cannot begin to comprehend how other people suddenly change their lives to care for a member of their family or a loved one. However, I am sure that I would join the 6 million carers who do that if I needed to.

Of course, people who care for their loved ones often want to do so, but they do so more often because they need to. When I think of the many young carers who give up playing on their bikes or going out with their friends because they need to look after mum or dad, or of the working woman who gives up her job to wash and bath a parent who struggles to remember her name but can recall the time she bought a loaf of bread, my heart breaks for them. Carers really are the unrecognised heroes of society, and it is our responsibility as a Government to do as much as we can to support them.

3.15 pm

Mr Andy Slaughter (Hammersmith) (Lab): It is a pleasure to serve under your chairmanship, Mr Benton, although the matters that I have to deal with are somewhat distressing. I wish to address the proposed closure of the Hammersmith and Fulham carers centre, which is the main carers centre in my constituency. Hammersmith and Fulham council is closing the centre at the end of July in the most irregular and arbitrary way, and that will leave no service for carers in the borough for the foreseeable future.

I should perhaps begin by declaring an interest. The centre was set up in 1998, when I was the leader of the council, and I have been a strong supporter of it over the past 12 years. The centre occupies substantial premises in Hammersmith road, which is about five minutes' walk from Hammersmith Broadway, so it is located in the centre of the borough and highly accessible for the carers who use it. It has a lot of space, so it can run activities, and it has—or had—six staff. It has provided a service to many thousands of people, and I shall read some of their testimonials in a moment, but let us just say for present purposes that it has run a good service. It should now be delivering a service to adults and young people using its budget of £300,000, which is split roughly 70:30 between those two groups. In addition to providing services in the main building, it also provides outreach services across the borough.

In 2008, the then relatively new Conservative council decided to conduct a tendering exercise. It is a moot point as to whether that was necessary, and the council failed to identify whether the body involved should be voluntary or whether staff would be employed by the council, but it went ahead. The problem was not the exercise itself, but the fact that it was so incompetently managed that three separate tendering exercises were carried out over the ensuing two years with no successful resolution. Despite the council going to great lengths and spending a lot of money on the process, the most recent exercise had only one bidder, which was the existing carers centre. The centre passed its appraisal, at least as far as the adult part—the majority part—of the quality assessment was concerned, so it anticipated being awarded the contract. However, at that point—again, entirely arbitrarily—the council decided that it would terminate the contract with immediate effect. Indeed, it should have been terminated yesterday, on 30 June, but a winding-up extension has now been granted until the end of July.

Some people thought that these events might be connected with the fact that the council, as part of its fire sale of most of the borough's capital assets, wanted to sell off the building for an estimated £1.7 million. It had initially tried to move the centre into small, unsuitable premises in a less accessible location, which had to be accessed through another charity's premises, but it then decided to get rid of the centre altogether.

Events then take a more remarkable turn. The chair of the management committee, Kamaljit Kaur, who has an extensive background in the voluntary sector, has

[Mr Andy Slaughter]

been trying to run the centre in an exemplary way over the past few years since taking over that role. She met the council's director of adult services on 23 June and failed to persuade him—because his mind had already been made up by politicians—to reconsider or even to extend the centre's tenure while alternative provision was made. We now know that there will be no alternative provision until at least April. After the failure of that meeting, she wrote a letter to carers and other interested parties, including me, in very mild terms given the circumstances. Part of her letter read as follows:

"The Council went through a tendering process for Carers Support Services and made three attempts to attract potential bidders for this contract. However, we were the only bidders for their adult and young carer's contracts. Our bid was evaluated by the Council's TAP: our bid was successful in the adult carer's contract and was recommended for funding by the TAP, but eventually turned down at senior officer level.

The Council have been informed that the prime reason for the lack of interest in this contract for potential bidders was the requirement to employ existing centre staff and the financial liabilities that go with this requirement. We now believe that the Council's sole intention behind closing down the Carers Centre is part of its strategy to remove existing staff, thereby removing the requirement for new bidders to take on this financial responsibility. We also believe that this will attract national organisations to bid for this contract."

That is quite likely, because that is a method that the council has used before—getting rid of local organisations and bringing in national ones that they believe can handle matters cheaply if not as well.

The response to that letter, which also explained how people could protest about what was happening, was an extraordinary six-page letter from the director of adult services making serious personal allegations against the chair, including an allegation of an improper family relationship with someone who had a pecuniary interest in the contract. Late last night, the councillor responsible—Councillor Carlebach—and the director of community services had to issue an apology:

"Since issuing our letter of 28th June on this matter, we have received a single representation that we have misunderstood and mis-stated the position".

They state that they are

"writing to clarify that it has now been made clear"

to them that the individual in question

"is not the brother of Kamaljit Kaur."

The letter continues in an exculpatory way to try to excuse them for what happened. The chair informed me earlier that she now feels under an obligation to resign and is taking legal advice with a view to an action for defamation. I do not want to pursue that matter, but I simply set out those facts to show that the local authority is out of control and behaving in a highly improper way—as it is in many other respects.

Leaving aside the process, what is the effect on carers? Hon. Members might have seen in the debate pack an article from *The Guardian* of 16 June, part of which I shall quote:

"For 12 years, Margaret Turley has known where to go in a crisis. Eighteen months ago, when the 26-year-old learning-disabled son she cares for developed epilepsy and began going blind, Turley headed for the Princess Royal Trust Hammersmith and Fulham Carers Centre.

'You're among people who know what carers do,' she says of the Hammersmith Road centre in west London. 'I can come in here just because I've had a horrendous day.' The centre provides advice and peer support, and runs a Department of Health-funded programme, Caring with Confidence, offering free training for carers who want to develop their caring skills."

Later the article says:

"Pat Williams, who cares for her disabled son and runs the Caring with Confidence sessions, says: 'It's a fait accompli—get us out of the building, don't give us the contract, and run the organisation down.' "

Hon. Members will not be surprised to learn that I have received an extraordinary number of letters about this matter. I will not take up too much time, but I want to read excerpts from some of them, as I think that hon. Members should realise what a serious matter this is for thousands of carers in my constituency. I shall not give names, but one letter states:

"I have been a member of Hammersmith and Fulham Carers Centre for the last 10 years and have relied on the Centre for support through all my times of crisis during those years…I am shocked and devastated at the closure of the Carers Centre…Not only will the Centre close, but there will be no co-ordinated service for carers…How can the Council close down our service and offer nothing in its place? What on earth are the Council playing at?"

The letter continues:

"I can get no sense from anybody at the Hammersmith and Fulham Council…In the meantime, where will we H and F Carers meet for our support groups? Who will we talk to when we need help? Will a building be made available to us? Without a place to come to, when we are in distress, how will we manage?"

Another carer wrote:

"Dear Andy, I am one of the borough's many fulltime carers and have learned this week that after some 12 months of what the council has termed 'review', they have pulled all funding from the carers centre…My 2 sons use the services of the Young Carers Group, and get the kind of support and respite that we will not, again, find anywhere else. I feel passionately that carers are such a soft target, as our responsibilities make it so hard to mount the kind of defence of these services that they deserve."

Another of my constituents writes:

"I care for my mother who is over 90 years, and also my daughter who is disabled. I do use the carers centre and found that the people who run it are very helpful."

A further letter reads:

"I have been caring for my wife with severe dementia for 20 years, and the aspect that worries me most is the fact that the centre holds the emergency contact to look after my wife, if anything happened to me; an accident or such like."

This is the letter that touched me most:

"I am an eleven year old boy. I have a brother with cerebral palsy. My dad died when I was seven from a heart attack. I love my brother so much but I had to face very difficult things. Children have made fun of me because of my brother's condition. People that don't understand my brother's condition treat me differently to other people. I didn't go on holidays. People made fun of me when I was near my brother. I missed a lot of school. I felt stressed and unsure. I was unsure if I was doing the right or wrong thing. I didn't have anyone to talk to.

When I first went to the young carers project I made friends quite quickly. I told them my experiences and they told me theirs. The young carers project took me on trips and I was able to express my emotions and feelings. They helped me to understand bullies and that there was nothing wrong with me. They helped me realise that I did do things correctly. They also took me camping, which was lots of fun and taught me different dances for example street dancing and martial arts style dancing. It is a chill out zone for all young carers and adult carers. It gives us freedom from our caring role.

If you close the young carers project, you'll be closing a family of people who came together because of difficulties. Which is unfair for all young carers and adult carers. I just can't believe you're closing down the young carers project for all the good work they have done."

There is, of course, substantial resistance to the decision. There are daily pickets outside the town hall. I have written to the leader of the council to ask him, at the very least, to extend the contract until alternative provision is in place, and to allow the carers centre to bid again for the contract. The matter was debated at full council last night on a motion from the Labour opposition, but of course that was voted down by the Conservative majority on the council. Given the exceptional circumstances that I have set out, I ask the Minister to take a personal interest and to look at the matter. I believe that the situation has arisen not simply because the council is a Conservative one; the local authority is acting without its jurisdiction, in a highly improper way.

What I have described is not an isolated incident. Some hon. Members might know about the council newspaper in Hammersmith and Fulham. Last weekend, the Secretary of State for Communities and Local Government, referring in part to the Hammersmith and Fulham council newspaper, said:

"Councils should spend less time and money on weekly town hall Pravdas...our free press should not face state competition from propaganda on the rates dressed up as local reporting."

To read the paper in question one would think that everything was well at the carers centre. According to its front page, the leader of the council says:

"We will sell assets we no longer need because, when times are tough, we have to put services before buildings."

Last night, the council announced a fire sale of most of the public buildings in the borough, ranging from the Irish centre in Hammersmith Broadway, which has an international reputation, to Fulham town hall and many voluntary sector buildings, including one that was referred to in the article in *The Guardian*, Palingswick House, which is home to more than 20 voluntary groups but is to be sold later this year.

Lest there be any doubt, the incident that I am recounting is not a mistake or isolated incident; it is a calculated attack on the poorest and most vulnerable people in the borough of Hammersmith and Fulham, in the guise of putting through a policy that was never agreed. It is being put through not just callously, but without the remit of the local authority. I ask the Minister to take a particular interest in what is happening in Hammersmith and Fulham not just because of the staff and the build-up of expertise in the past 12 years, which will be lost for ever at the end of next month if a stop is not put to what is happening, but on behalf of the thousands of people—we believe that there are more than 11,500 adult carers and many young carers in the borough—who rely on an excellent service, but will be without it from next month.

Mr Joe Benton (in the Chair): Before I call the next speaker, I ask all hon. Members to ensure that they have switched off their mobile phones.

3.30 pm

Dr Sarah Wollaston (Totnes) (Con): I am grateful for the opportunity to speak in this important debate. After 24 years as a doctor, I do not need to be told how important carers are, and I pay tribute to the many whom I have met in my experience as a doctor—they really are extraordinary people.

I would like to focus on young carers in particular, and to draw hon. Members' attention to the fact that the average age of a young carer is 12, which is extraordinarily low. The 2001 census showed that there were 175,000 young carers in the UK, 13,000 of whom cared for more than 50 hours a week. Those young carers provide not only help with cooking, cleaning and shopping, but often very intimate and personal care, and emotional support to parents with severe mental illness. Organisations such as Barnardo's need our thanks for their work, particularly in helping young carers to cope and in identifying them before they find themselves in crisis.

My constituency takes in much of Torbay, where there are 350 identified young carers. Those children suffer low attainment at school, which is partly due to their poor attendance as a result of their caring work. They are also particularly prone to living in poverty. I would like to draw the Minister's attention to a particular subset of young carers: the 20% of the children and young people in the Torbay area who are carers as a result of alcohol and drug abuse, and associated mental illness. Those who have been identified are the tip of the iceberg. Some fear coming forward for help because they worry that they might be taken into care. Those children have no access to the carer's allowance. They are particularly prone to living in poverty and to going on to misuse drugs and alcohol themselves, and also at risk of domestic violence.

My interest is in prevention as well as cure. We know that drinking adversely affects up to 1.3 million children in the UK, and that group especially needs our help. Police forces estimate that 40% of all child abuse cases and 62% of incidences of domestic violence are directly related to alcohol. I would like the Minister to look again at the evidence on what works to reduce alcohol-related crime and violence, and therefore the number of children becoming young carers. The evidence shows that that is about pricing and availability, so I hope that there will be support for the Health Committee and NICE, which is clearly on the side of minimum pricing as the way forward.

I pay tribute to the caring organisations in my constituency. A fortnight ago, I was privileged to attend the opening of the Brixham carers centre. Brixham is particularly fortunate as it is also home to Brixham Does Care, which supports 150 carers and has 150 volunteers. Those organisations asked me to raise with the Minister the time that volunteers' Criminal Records Bureau checks take. Only this morning I was told that some checks submitted in April were still pending. We need to look closely at how we reduce the barriers to volunteering, because volunteers are a lifeline for carers. I welcome the review of the vetting and barring procedure that has been announced by the Home Secretary, but I would like the Minister to look at the time that the checks take.

Respite care is another concern of carers in my constituency. Will the Minister consider the issues facing the John Parkes unit, which provides respite care for some of the most severely disabled children in my constituency and is used by many of my constituents?

3.34 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): This is the first time that I have served under your chairmanship, Mr Benton, or made a speech in Westminster Hall, and I am delighted to be taking part in the debate.

Two recent experiences in my constituency have led me to understand better the challenges faced by many people who care for a parent, child or other dependent. I recently spent a morning at the Liverpool carers centre, which is run by Local Solutions, a social enterprise in my constituency. I heard at first hand about the experience of many carers, who come together weekly for a couple of hours in a supported environment to do activities such as tai chi and to use the gym. Many carers told me about the numerous challenges they face, such as feeling isolated or seeing a loved one's condition deteriorate. Those carers were the fortunate ones, however, as they were able to join a support group at which they could share their load each week.

Unfortunately, not every carer has the opportunity to have some respite and to mix with other carers and share experiences, as I saw when I spent time at a local supermarket for parent and carers day—a campaign run by the Union of Shop, Distributive and Allied Workers. Its object was to raise awareness among the staff of the help available. As my hon. Friend the Member for Hartlepool (Mr Wright) highlighted, while it was striking that most parents knew of the support available to them, carers were significantly less aware of the support that they could access, such as carer's allowance, help at home, aids and equipment, vouchers and direct payments. I met a teenager who had left school at 16 to care for her disabled mother. She was working at the supermarket for 20 hours a week, but did not qualify for carer's allowance as she was earning slightly more than the £97 limit. She was struggling to get by and to pay her bills.

That leads me to the focus of my speech: the plight of working carers. I support USDAW's campaign to end barriers to work by extending the carer's allowance to low-paid workers who earn up to £150 a week. If the allowance was tapered at the same rate as tax credits, all full-time carers earning up to £300 a week would receive some support. I also support USDAW's call for carer's allowance to be improved. It is £53.90 a week for anyone who cares for more then 35 hours a week, but that is one of the lowest rates in Europe, amounting to £1.54 an hour—less than a third of the national minimum wage. I would like carer's allowance to be increased to at least the same amount as jobseeker's allowance, as that would provide better support to the estimated 4.8 million carers of working age. Yes, that would come at a cost of about £1.1 billion at a time when cuts are being made, but considering that carers save our economy an estimated £87 billion a year, I believe that that is a small price to pay.

USDAW recently carried out a survey of its members that highlighted some of the pressures faced by people who juggle paid work with caring for a disabled, elderly or vulnerable relative or friend. Some of the comments highlight the challenges that a working carer can face, such as

"pressure and more pressure, the dreadful feeling when the phone rings and you have to ask for time off."

Another comment states:

"My mum is regularly committed to hospital, usually at the drop of a hat. My personnel manager refuses to recognise me as a carer because my mum's condition fluctuates."

A further comment is:

"The pressure of looking after my elderly mum and working full-time was getting too much for me. I had no support whatsoever from my employer. I had to leave because I felt if I had a breakdown I would be no use to my mum."

The situation for carers at work has to be improved and the enormous pressures on those with caring commitments who work must be relieved. What will the Minister and his Department do to ensure that carers know about their rights? He mentioned the right to request flexible working hours, but has he considered introducing the right to paid time off work at times of family illness or emergency?

During the week before last, we celebrated carers week in the House. Its theme was that carers deserve a life of their own. Whether we are talking about the 4.8 million working carers or the 1.2 million carers not of working age, whom many hon. Members have spoken about this afternoon, I urge the Minister to do everything to ensure that carers have a life of their own.

3.39 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): It is a great pleasure to serve under your chairmanship, Mr Benton, for my first speech in Westminster Hall.

I was pleased to hear from the Minister that we will have a new carers strategy—it is very much needed. I would like to focus today on three aspects that I believe are important in allowing carers to have a life beyond caring.

The first aspect—working carers—has been touched on by the hon. Members for Stretford and Urmston (Kate Green) and for Liverpool, Wavertree (Luciana Berger). I would like to take a slightly more specific approach than they did when they spoke about the cliff-edge factor in earnings, and look at the needs of carers who want to work and go to Jobcentre Plus hoping to find a job. When they get there, they do not get the help that they need, for several specific reasons revealed in a National Audit Office report, "Supporting Carers to Care", at this time last year. I shall highlight those reasons for the Minister.

There is an enormous army of carers, as we have recognised today, but they form a small part of the work load at Jobcentre Plus. Many advisers rarely deal with more than one or two carers each month. It is vital that the centres have specialist advisers to deal with carers who are looking for employment. Because of their caring duties, many carers do jobs that, inevitably, are part-time. Therefore, they do not form part of what Jobcentre Plus has to submit to meet its targets for placing people in full-time employment. Because carers do not help Jobcentre Plus to hit the targets that central Government want it to achieve, they are seen by Jobcentre Plus not as a priority but as a marginal part of its business.

I am also concerned by what I read in the NAO report about many Jobcentre Plus advisers not being certain of what they are doing. For example, the report found that two thirds did not realise that carers who claim only carer's allowance do not need to attend

work-focused interviews. It worries me that two-thirds of the staff do not understand a crucial part of the needs of carers. Finally, as an example of a Kafkaesque bureaucracy gone mad, Jobcentre Plus advisers are encouraged to hand out carer's allowance application forms but are not allowed to help fill them in. "Here's a form, but don't ask me any questions, please, because I can't answer them"—I am afraid that we hear that so often. I hope that the new carers strategy will try to address some of those specific issues so that those who go to Jobcentre Plus to look for work get the help that they need.

The second area that I would like to focus on is the need for respite care. I welcome what the previous Government did in recognising that it is good to give carers respite care, but I regret the fact that, for one reason or another, as the Minister said, much of the money never quite made it to the front line. That shows the danger of raising expectations within a group of people that are then not fulfilled.

I pay tribute to organisations such as Vitalise, a charity that provides space for 7,000 people to have respite breaks each year. Its work stretches from Cornwall in the south to Southport in the north; I regret that it cannot manage an extra 20 miles to make it to Blackpool and provide breaks there, but perhaps I can encourage it to do that bit more—who knows? As its part of carers week this year, it set up a care to share forum, which was an opportunity for people who need respite breaks to share experiences of what they had had and, indeed, what they did not get, having expected something as a result of the previous Government's announcements. That was a useful thing for Vitalise to do, because carers' nervousness about going abroad, going away, or leaving the person for whom they care, is a significant issue. There are many hurdles to overcome if they are to have that ambition, and the more that we share information and allow carers to feel more confident about leaving the people for whom they care, even for just 24 hours, the easier it will be for respite care to become an established part of the caring agenda.

Will the Minister therefore ensure, in the national health service operating framework and in NHS Vital Signs, that provision of carers support is not just an optional extra for primary care trusts but critical—either tier 1 or tier 2? By having it at tier 3, PCTs are basically given permission not to bother with it. Unfortunately, that is just one of the ways in which micro-management from the centre can become an excuse for not providing a service.

I would also ask that when this or any Government make new moneys available, they make the announcement only when they are confident that they can monitor implementation and ensure that the money is spent on what it is supposed to be spent on. It is not acceptable to raise the hopes of vulnerable groups so that they think that they will get something but then, through no fault of Ministers, the Government or Departments but just because the layers of bureaucracy absorb the money bit by bit, it does not happen further down the line. That simply is not fair.

I echo what my hon. Friend the Member for Totnes (Dr Wollaston) said about young carers. She was right to identify in particular the needs of the 20% who do not do what I would call traditional caring, where the relative has a progressive disease associated, perhaps, with old age. I think that the figure is higher than 20% in a constituency such as mine. Blackpool North and Cleveleys is a deprived area with many public health needs, and I would have thought that many younger carers are dealing with relatives who have a drug addiction, alcohol or mental health problem.

At the back end of carers week this year, I went to the local branch of Frankie and Bennys near the Odeon cinema in Blackpool. The local carers centre, which is funded by the Princess Royal Trust for Carers, as so many carers centres are, has a particular interest in the needs of young carers. Nigel McMurdo, who runs the project, does a fantastic job in trying to give them treats every now and again. One of the treats was dinner at Frankie and Bennys, so I trundled off to meet them, to listen to their stories and to understand a bit more about what they go through.

Nigel told me one tale about how caring can impact on education. A young man caring for his mother, who had a mental health problem, had a geography exam one day, but she would not let him out of the house. There was a real battle just to get him to school to sit the exam. That demonstrates how caring for parents, as an act of love, can be a bar to educational attainment. For many of our young carers, caring has an impact on their health, education and ability to have a social life.

The inadequacy of child and adolescent mental health services is a long-standing problem. If mental health services are the Cinderella service of the NHS, CAMHS is Cinderella's daughter—it is a Cinderella service within a Cinderella service. I have raised this matter with the Minister in respect of autism but, more widely, I have great concerns about the condition of CAMHS in this country, and how it excludes far too many people who need help. It is a real problem.

In addition, in terms of education, bullying has a major impact on the lives of many young carers. It occurs when someone is seen to be different. If they have a caring responsibility, it means that they cannot hang around outside the school gates after school, or they might be 15 minutes late, or they might not always get their homework done on time. Inevitably, bullying takes place, and young carers need support in relation to that.

Young carers in Blackpool are at present trying to draw up a young carers charter. At the top of their list is a demand that every school should have a nominated teacher who can pay attention to the needs of young carers, as a kind of early warning system. Such a system is needed, and I do not think that we can place the burden entirely on general practitioners, as we always seem to try to do, to act as early warning gatekeepers. There is a difficulty in identifying young carers. We know of about 200 in Blackpool, but we are certain that there are some 600 more whom we simply do not know about—we cannot find them, they are not there. We often speak about the unmet need and how to reach the hard to reach. I fear that that is a perennial question in public health policy.

Platitudes abound in the debate on carers. I desperately try to avoid platitudes in anything that I do, but it is often difficult to avoid them when mentioning this topic. I should like some concrete steps to be taken that benefit carers, including benefit simplification. I have lost count of the number of times that I have tried to explain to people in my constituency that to be able to

[Paul Maynard]

apply for the carer's premium they must first apply for pension credit, which they know that they are not entitled to. The people that I explain that to find it illogical, and so do I, but it still seems to go on. Can we please try to change that?

When I first became involved in health policy some 10 years ago, the file in my office marked "Care" focused on the width of doors for wheelchairs as described in the Care Standards Act 2000. I watched the Minister raising care issues many times in the House of Commons. Carers week was regarded as a peripheral matter 10 years ago. The large queue in Portcullis House during carers week, for the photo opportunities and so on, was testament to the progress that is being made, but I still think that we have to go one step further. I may be a new MP, but I am already a little bit tired of photo opportunities—during which I stand beneath a Perspex stand, smile and shake hands—that are somehow meant to provide evidence of my commitment to an issue. I would rather MPs took fewer photo opportunities and visited more local carers centres, as many hon. Members in this Chamber have, to hear what is going on and speak to real carers. That would bring a bit more reality into this place.

It was good that the previous Government recognised that carers have a role to play, and I welcome that. However, we now have to focus on how we enable carers to live a more ordinary life: a life beyond caring. We need to start to fit provision around the needs of carers. As with too much in public life, we expect people to fit into existing tick-boxes on forms and woe betide them if their circumstances do not enable them to fit neatly into those boxes. That is not good enough.

We need to build provision around the individual. I know that that will be difficult, but not every carer wants to play bingo and not every young carer wants to go to the cinema of an evening. We all have individual requirements as carers. We are all individuals, after all, and we should remember that. I hope that the carers strategy that is being drawn up over the summer will mean that we will start to regard carers not just as a group with a label attached and a set of demands, but as individuals who need to be empowered. I look forward to seeing what emerges after the summer.

3.52 pm

Nia Griffith (Llanelli) (Lab): I will try not to repeat things mentioned by my hon. Friends and other colleagues in this important debate, but it is difficult when several have spoken previously.

We all recognise the huge savings that carers make for the economy—some £87 billion a year—and we recognise that they are not just economic savings. With some understandable and notable exceptions, the majority of people who are cared for by carers have a far better quality of life if they can stay at home, being looked after by their friends and family, and can take part in their social life as fully as possible, rather than going into an institution, no matter how good it is. However, unless we put in the support yet more people will reach crisis point, with carers not being able to cope any longer. Other solutions have to be found. However, some of the solutions are often not satisfactory, either for the family or the person being cared for.

Of course, for economic reasons, carers like to stay in work if they can. Many people become carers gradually over time, rather than suddenly, so they try to keep going, but they face a number of barriers. I am a member of the Union of Shop, Distributive and Allied Workers and I have supported its campaign for carers. I am pleased that the Labour Government introduced the right to request flexible working for carers some four years ago, but as hon. Members have mentioned, there is still a mentality in some workplaces that does not allow that. This is a serious issue, because it affects not only whether people can ask for flexible working, but attitudes towards promotion. Women carers are particularly affected, and although they might like to do something different or something new, they do not like to ask because they feel that they might have to go through an interview and explain about being a carer, and they feel that that might be viewed negatively. We are missing talent and not using people to the full.

It is well documented that, often, carers take a job below their qualifications or have to compromise what they do in other ways. That is a great shame, because we are missing out on a lot of talent. Yet with a bit of flexibility and understanding—as long as employers understand that there may be certain needs: people should be able to take their loved ones to hospital, or whatever—a lot more can be done to help.

Many carers suffer financial hardship because they cannot work much or have to give up work altogether. I implore the Minister to make certain that there is no cut to the carers allowance. I am worried about the current economic situation, because the rise in VAT will put additional pressures on families with the lowest incomes. I implore the Minister to ensure that, in addition to not reducing the carers allowance, at every opportunity an increase is made to it to try to keep up with the increasing costs of living.

As my hon. Friend the Member for Liverpool, Wavertree (Luciana Berger) explained, a great step forward would be to increase the earnings disregard to £150, for example, with an additional tapering—similar to how tax credits work—so that people earning up to £300 a week receive some benefit from it; doing so would target help to people who need it most. Targeting is important during a period of economic restraint throughout the country.

I am considerably worried about the provision of respite care. Many carers can only cope throughout the year if they have the opportunity to take advantage of respite care, even though doing so may be difficult, as the hon. Member for Blackpool North and Cleveleys (Paul Maynard) said, because they worry about leaving somebody, even for a short while. Respite care is not just an opportunity for carers to gallivant around the world. Often, it allows them to paint a room in the house, for example, because it would not be practical to do so while the person they care for was there. Perhaps the carer wants to attend their son's wedding a couple of hundred miles away, or to do something similar. Without some respite care, such simple tasks can become impossible. This is not just about residential respite care. Respite care can involve someone sitting and looking after the person being cared for, allowing the carer to do the shopping.

People in my constituency are being denied respite care opportunities, where previously they were offered them. I am worried that that might be regarded as an

easy cut for local authorities to make and that it might be an invisible cut, because, for example, one family would not know that another family had also had their request for care turned down. The criteria can be confusing and families can find that although in the past it has been possible for a family member to go into care, that is no longer so.

In taking up such matters with the local authority, I have found that some of the reasons given are economic, but it also says that it does not have the proper equipment. An increasing number of people who need to be cared for need hoists, for instance. An increasing number of carers are therefore coping at home with quite complicated issues, and when the person whom they care for goes away, equipment such as hoists, which is needed, is no longer available in an easily accessible form through the local authority.

Clearly, we must ensure that respite care does not become a Cinderella service, because it is often the only way in which people keep going. If it is not provided, the obvious alternative is that carers will stop doing the job and we will have to find full-time care for the person who was being cared for. Obviously, that is to everyone's detriment, and the situation may end up being not so happy. Whether provided by the council or charitable organisations—help comes from many different funding streams, including third sector organisations and so on—we must ensure that funding for care in the community does not diminish.

The incoming Government must take a national care strategy by the horns, because we all know that in the next 20 or 30 years the number of older people will increase, people will live longer and the number of those who need various forms of care will increase. If we do not have a national care strategy in place quickly, cuts will be made, homes will be closed and all sorts of care services will be withdrawn. We will build up a dangerous backlog of problems that will have to be sorted out. We must get that national care strategy moving quickly, because it will have enormous implications for funding. It must be a long-term proposal; it cannot be adopted tomorrow. I beg the Government to take up the excellent work that has been done on that to date.

Finally, I want to speak about research into conditions such as dementia and Alzheimer's disease. We all know how distressing a physical illness may be, but at least the sufferer can carry on a dialogue with loved ones and negotiate, discuss and decide the best thing to do. Sadly, diseases such as dementia and Alzheimer's are often the Cinderella of medical research services. But the long-term impact on families of the distress caused by someone who does not recognise them and makes all sorts of accusations may be difficult, added to which sufferers may be kept alive for a long time and remain physically well. Sadly, I have seen cases of early onset dementia, which is distressing because the sufferer often needs 24-hour supervision. We must prioritise the research that may not attract big funders. Some research subjects are fashionable, but for others, such as dementia, it is much more difficult to attract funding, often because they are not pinpointable as specific diseases. There are many generalised and different forms of dementia, and we need support and backing for research.

Thank you, Mr Benton, for giving me the opportunity to speak. I hope that the Minister will be able to answer some of my questions.

4.3 pm

Tony Baldry (Banbury) (Con): I am grateful to you, Mr Benton, for giving me the opportunity to contribute to the debate. With Baroness Pitkeathley in another place, I co-chair the all-party group on carers. We succeeded the hon. Member for Aberavon (Dr Francis), who during the last Parliament carried out that task alone and so brilliantly that it took two of us to succeed him. I pay tribute to his work—I am sure that he will continue to be a contributing member of the group—and many of those who have contributed to the debate have joined the all-party group because we want to be a strong collective voice in the House for carers.

The Minister is in a privileged position because the hon. Gentleman, the Minister and I were made parliamentary champions for carers during carers week earlier this year. It is rare to move from being a parliamentary champion to being a ministerial champion for carers within a few days. We will see how my hon. Friend delivers in his new and challenging task on behalf of carers. It is rare in Whitehall for a Minister to walk into a Department understanding part of the brief that he has been asked to cover.

Mr Iain Wright: That is dangerous.

Tony Baldry: The hon. Gentleman may say that, but I think that it provides a phenomenal opportunity for my hon. Friend to stride out and seize the agenda. I will try to keep my comments short. During carers week, I made a long speech which, for hon. Members and others who are new to *Hansard* and who may wish to read it, is on my website at tonybaldry.co.uk/campaigns/carers. We are all in the new technological world, and I do not want anyone to believe that only the new intake is up to date with the internet. Some of us who have been around for a bit can keep up with the new global technology.

I want to make various points to my hon. Friend the Minister. I am glad that we frequently have debates on carers, largely as a consequence of carers week and the previous Prime Minister's intervention. Last year, we had a topical debate, and I am glad that we are having a full afternoon's debate in Westminster Hall. One of the first issues is identifying carers. Many carers do not recognise themselves as carers, so they are not recognised in the system as carers. It would help them enormously if social services and the health service recognised and encouraged people to recognise themselves as carers. We would then have a much more accurate picture of the number of carers in the community.

GPs may have thought—I defer to my hon. Friend the Member for Totnes (Dr Wollaston) on this—that it would not be beneficial to identify carers because they could do little for them. The ability to recommend respite care for carers may have prompted GPs to ask themselves, "Is this person a carer; is there something I can do to help them and to support them through respite care?"

We are about to move to GP commissioning for services. I will try to ensure on my patch that I identify which partner in every GP practice in my constituency has the lead responsibility for carers. One objective of organisations such as the Princess Royal Trust for Carers and Carers UK is for them and us collectively to encourage

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GPs to engage with carers and to recognise and note those GP practices that are particularly helpful in supporting carers. With the best will in the world, the picture is patchy. Some practices work hard to support carers, but others, which may not be insensitive, have not taken such support fully on board in their list of priorities.

We must all recognise that the number of carers will inevitably increase with an ageing population. There is something else, which I fully appreciated only recently during carers week. At a reception in the Jubilee Room, I listened and talked to a number of carers who were looking after relatives with Parkinson's disease. My mother was a theatre sister during the blitz in Coventry, and people either survived or died. People from earlier generations went into hospital for one acute incident from which they either recovered or died. Generally, the Greco-Roman medicine of western Europe works on the basis that people are given drugs or medicine and they get better.

The truth, however, is that an increasing number of people in our society have to care for people whom they love very much, but who are progressively getting worse and know that they will never get better. There are people who have Parkinson's disease, dementia or Alzheimer's disease, and in addition to the financial and other challenges that carers face, the psychological drain of knowing that, however much someone is loved and cared for, they simply are not going to get better but will progressively get worse must be enormous.

The number of people who have to care for people with age-related dementia and Alzheimer's is increasing. When I was first elected nearly 30 years ago, each Christmas I would go round every nursing home in my constituency. Most of the residents were frail widows in their 70s who were perfectly spritely and intellectually sound. I have now given up going around nursing homes on my patch at Christmas, because almost everyone is suffering from some form of age-related dementia and they have absolutely no idea who I am at all. There is that standard joke where an MP goes in and says to a resident, "Do you know who I am?", and they say, "No dear, but if you go and ask matron she may be able to help you."

The pressure on staff is enormous, and if someone is old and frail, their chances of getting into a residential care home are increasingly less, so people have to be looked after at home by carers. Furthermore, the number of people who have early, pre-senile dementia and are waiting for places to get into a nursing home is increasing, and those people have to be looked after by carers. Therefore, the number of carers in our communities will increase substantially over time, and we must ensure that any carers strategy takes account of that.

We must ensure that new policy initiatives, such as GP commissioning, help carers and do not work against them. There are also other initiatives. For example, local authorities are, quite rightly, being enjoined to ensure that they get value for money in all services, including carer services.

In Oxfordshire, as in the constituencies of other hon. Members I am sure, carer services are going to be tendered. However, in Oxfordshire, we already have three good carers centres that are manned—or womaned—by volunteers. There is the Princess Royal Trust for Carers and other carers centres that have grown up over a period of time. The North and West Carers Centre in Banbury won the Queen's award for unsung volunteers. Those people are not going to go away; they are committed to supporting carers.

However, there is a risk of an inevitable momentum, and that the county council social services department might feel that it has an obligation under some EU or Government directive to put services out to tender. It might feel obliged to contract out carers services to some completely different provider in some other part of the country. That does not seem to go with the grain of what I understand when I hear colleagues from all sides of the coalition talk about the big society. If the big society—as opposed to the big state—means something, it means building on the work of those volunteers and on the community spirit within one's own community. It means building on civic pride and local roots, not undermining those things. I hope that ministerial colleagues in the Department of Health and other Departments will understand that although we should ensure that every Department gets value for money, that should not undermine the volunteers who have the competencies that are needed.

That brings me on to how we train carers, and I make this point simply so that my hon. Friend the Minister can respond to it should he wish. There has been some concern about the Department's contract with Caring with Confidence, which is an organisation that has trained carers at carers centres. The Department has felt it appropriate to cancel that contract, possibly because it felt that sufficient carers were not being trained. However, there is an issue about how one ensures that carers and people who, often late in life, find themselves as carers can acquire the skills and competencies that will help them.

I make my final point so that we can have some clarity on this issue, either now or at some stage in the future when the carers strategy is published. Hon. Members from all parties have drawn attention to the carer's allowance. At present, the only assistance that a working carer receives is the carer's allowance, but those who are retired—many carers are above retirement age—get no further recognition in the system because Treasury rules state that people cannot claim two benefits. That is not new; it is a long-standing rule. If someone draws a state retirement pension, they can draw only that and cannot get anything more for being a carer.

During the previous Parliament, a couple of Select Committee reports were published on this subject, and that work should not be lost. The new Government must respond to those reports, and either make it clear that they cannot afford any further financial support for carers, or give some indication that they may be willing to consider recalibrating the benefit and financial system in support of carers.

In 2008, the Work and Pensions Committee recommended an overhaul of the benefits system. A report entitled, "Valuing and supporting carers", which was the fourth report of the 2007-08 Session, recommended a new two-tier support system with a carer support allowance paid at the same rate as jobseeker's allowance and a caring cost payment that would be available to all carers in intensive caring roles, similar to child benefit and set at between £25 and £50. That element would be available to some carers who were unable to claim the

first element, including those carers in receipt of a state pension. The Committee also recommended that the Department for Work and Pensions commission an urgent examination into introducing a taper to the carer's allowance earnings limit and lifting the 21-hour study rule.

Like so many Select Committee reports in the last Parliament, that report got lost in a review—I do not wish to criticise; it is just a fact, a process. The then Government said that they were introducing the carers strategy and would take the report on board and think about it, but I cannot recall anything coming out at the other end on what they thought about the Committee's recommendations.

Last year, the Public Accounts Committee published a report on "Supporting Carers to Care", which criticised the confusing and complex processes and poor communication involved in the support that carers received from the Department for Work and Pensions, including benefits and employment support—that point was made tellingly in a good contribution by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard). The Committee found that one fifth of carers who received benefits struggled with the application process, which is not surprising if no one helps them to fill in the forms. It found that the complexity of the system discouraged applications, and that Jobcentre Plus advisers were not given enough incentive to help carers to find part-time work. I am not sure that we ever had a response from the last Government to the Public Accounts Committee's report.

It would be helpful if, early in the life of the present Government, we had an indication of how Ministers collectively see the opportunities for supporting carers financially. Of course, everyone recognises that that is set against a background of very difficult financial constraints and circumstances. That is a given. It should not be necessary, every time that one makes a speech now, to explain that we are the country with the largest amount of debt in the world, due to circumstances. However, it would be helpful, with a view to taking forward policy on carers, if we had an understanding of how the Government see the ability to give carers further support. I am referring to support that is valuable not only in financial terms, but because it makes carers feel that they are being recognised by the wider community for the work that they do and the role that they play.

My hon. Friend the Member for Totnes rightly raised the issue of young carers and my hon. Friend the Member for Blackpool North and Cleveleys raised the issue of young carers being bullied. I am always at a loss to understand why, in the 21st century, schools, the education system and all the people involved are not capable of being more supportive of young carers. That goes back to the point about identifying carers. Young carers deserve to be identified just as much as any other carer. One would hope that the education system and schools were capable of recognising young carers, that social services, GPs and others would try to ensure that schools knew who the young carers were and that schools would give young carers support. Often, they deserve double the support for the tasks that they are undertaking.

Many hon. Members, at different times in their lives as constituency MPs, come across families that include young carers and find out that the stress is incredible because they are often asked to take on adult responsibilities. Another difficulty is that the parent for whom they have taken on responsibility is sometimes able to look after themselves and be a parent, and sometimes is unable to look after themselves and is being cared for. For a child, having to cope with a parent who sometimes acts as a parent and an adult and sometimes is not capable of looking after themselves must be incredibly difficult, because they never know when they go home whether their mother will be poorly, drunk or whatever and whether they will be the carer or the child.

Schools and the system therefore need to give young carers particular support. I do not understand why every year when carers week comes round, we continue, a bit like groundhog day, to have the same debate about young carers. This area does not require huge amounts of extra money; it just requires the system and the community—society—to work out how we give younger carers greater support.

It is clear from the debate and I can tell the Minister that it is clear simply from the number of hon. Members who have joined the all-party carers group—I am sure that many more Members of both Houses have not yet got around to joining it but are equally interested—that there is considerable interest in and support for carers in Parliament. Those Members will be anxious and keen, in the course of the Parliament, to see what further work we can do in support of carers. Particularly for Government Members, if what my right hon. Friends in the coalition Government are saying about the big society and about engaging the community is to have any meaning at all, a very good test of that will be how we deliver enhanced and better lives for those who are caring in our society.

4.24 pm

Barbara Keeley (Worsley and Eccles South) (Lab): It is a pleasure to serve under your chairmanship, Mr Benton, and to speak in this important debate on carers. I thank the Minister for his comments on my new role. He may know that carers issues were of importance to me before I came to this place. I have always made it a priority to champion carers and carers organisations. It is very important that a number of hon. Members who have spoken today feel the same way and might take on that role, too. If we believe that carers have been a silent army, it is up to us, as Members of the House, to be a voice for them in relation to Government. Many hon. Members here today will be able to do that, and I hope that they do.

I pay particular tribute to the work of the all-party carers group, which has always been a very strong voice in the House. The chair, the hon. Member for Banbury (Tony Baldry), has just spoken. The group is ably supported by Carers UK. I pay tribute to the work of the Princess Royal Trust for Carers, Crossroads Care, Age Concern and the many other organisations that provide vital advice and support to carers. I also pay tribute to the standing commission on carers—whose chair, Philippa Russell, is with us today—because it provides a voice for carers.

In relation to supporting carers to have a life outside caring, I think that the key issues are respite care and breaks, supporting carers financially and supporting young carers and the people for whom they care, so that those young people do not have to take on the heavy burden of caring that many of them do. In the debate, we have already touched on most of those issues.

[Barbara Keeley]

The Labour Government's vision for carers as detailed in the updated national carers strategy identified the following outcomes. It stated that

"carers will be respected as expert care partners and will have access to the integrated and personalised services they need to support them in their caring role; carers will be able to have a life of their own alongside their caring role"

the subject of our debate—

"carers will be supported so that they are not forced into financial hardship by their caring role; carers will be supported to stay mentally and physically well and treated with dignity; children and young people will be protected from inappropriate caring and have the support they need to learn, develop and thrive, to enjoy positive childhoods and to achieve against all the Every Child Matters outcomes."

I hope that the Minister supports those or similar outcomes in the refreshed carers strategy that he announced. New Members may not know that we did not have a national carers strategy at all until 1999. It has been refreshed once, but however good those strategies are, looking at them again and taking them forward is very welcome.

I support the comments of the hon. Member for Blackpool North and Cleveleys (Paul Maynard). The revised NHS operating framework mentioned making dementia a priority, but did not mention support for carers, which carers organisations have noted. I hope that it is an omission that can be corrected in the next revision. We did not have an oral statement in the House when the important changes in the revised operating framework were announced, so today has been the first chance that we have had to ask questions about that. I hope that it can be taken on board. Ministers and civil servants need to understand that these days there is so much support in the House for carers that if carers are not mentioned in a document, it will be noticed pretty quickly.

My hon. Friend the Member for Llanelli (Nia Griffith) and other hon. Members rightly highlighted the importance of respite care and breaks for carers. The coalition agreement states that the Government will use better community-based provision to improve access to respite care. I asked the Minister yesterday to tell the House how the Government planned to deliver that promised increase in access to respite care through improved community support provision, because support provision is already starting to fall away. Carers organisations are reporting that cuts in local authority funding are already leading to cuts in funding for charities and other providers of care. The Minister repeated the commitment that the Government will deliver on their promises to carers, but he did not give us any more information. Carers and carers support organisations need to know exactly how community support provision will be improved.

A 25% cut in local authority budgets, together with further pressure from the council tax freeze, could pose a substantial risk to essential care and support services. My hon. Friend the Member for Hammersmith (Mr Slaughter) made a passionate case against the local council action to axe the carers centre in his area. I am very glad that he was able to do that. I hope that his contribution helps to highlight the case against what sounds like a damaging and unnecessary action by that council.

In debates last year, both the Minister and the former shadow Minister for care services, who is now the Under-Secretary of State for International Development, expressed concerns about whether the £150 million allocated to primary care trusts for emergency respite care was used for the purpose for which it was intended. If the Minister and his Conservative colleagues were concerned to see ring-fencing of budgets for respite care, I hope that now that they are in government, they will be committed to ring-fencing of budgets for essential social care services. I am not convinced that the transparency at local level that he mentioned is enough. History has proved that ring-fencing is the best way to ensure that money goes where it is intended to go.

The coalition Government say that they understand the urgency of reforming the social care system to provide much more control for individuals and their carers and to ease the cost burden that they and their families face. The Minister said yesterday that an announcement will be made soon about the commission on long-term care; I should be grateful if he would tell us more about that today. I am pleased that all the options for funding care will be considered, including an inheritance levy, which the Opposition support.

The Government have pledged to extend the greater roll-out of personal budgets to give people and their carers more control and purchasing power. The Labour Government made the social care reform grant available to local authorities to enable the development of personalised care and personal budgets, but that grant is now in its final year. How will the Government encourage local authorities to extend the roll-out of personal budgets and to provide more control to individuals and their carers, given that, as we heard earlier, local authorities are facing cuts to their social care budgets?

I shall touch on the caring with confidence programme. Training for carers in their caring role is a vital way of supporting them and giving them confidence. The hon. Member for Banbury mentioned that aspect. The Minister announced the decision to cancel the caring with confidence programme; will he consider how local carers groups and carer centres are to fund that vital training? Offering materials for free is to be welcomed, but the organisations also need trainers and premises and to have their costs covered if they are to run that training. The carers strategy aims to ensure that carers will be supported so that they are not forced into financial hardship through their caring role. I hope that the Minister will support that aim. However, many carers are now concerned about Government plans that will hit disability and carer benefits. We have heard quite a bit about that this afternoon, and rightly so.

Concern was expressed this afternoon about the measure to increase benefits annually by the consumer prices index rather than the retail prices index. Carers UK estimates that indexing carers allowance by the consumer prices index over the past 10 years would have cost carers £5 a week, or about £270 a year. The Labour Government did not do that. As my hon. Friend the Member for Stretford and Urmston (Kate Green) said, whatever the country's financial difficulties, carers should not have to take the biggest hit. Under the coalition Government's plans for indexing benefits, carers allowance would be worth £62.95 by 2015 if uprated by the retail prices index, but only £60.35 if the consumer prices index is used. That is a difference of some £130 a year.

Does the Minister think it fair to hit carers in that way? Carers and those whom they care for will also be affected by a similar change to the attendance and disability living allowances. Carers UK has said that single parents caring for a disabled child, a partner or elderly parent may have to rely on carer's allowance, disability living allowance and the other means-tested benefits as their only source of income. Carers UK believes that making savings in that way will hit hard the incomes of the most vulnerable—those who are already struggling to make ends meet—and I agree.

Hon. Members have referred to the extreme concern among unpaid carers caring for relatives with disabilities about the introduction of a medical assessment for the disability living allowance. If the person cared for becomes ineligible for the allowance, the carer's own income would be hit, as carer's allowance and other benefits are based on the disabled person receiving a certain level of disability living allowance. A poor medical assessment could spell financial disaster for carers and their families. I understand that the Office for Budget Responsibility questions whether savings could be achieved, given the cost of implementation and the large volume of subsequent appeals. I urge the Minister and his colleagues to ensure that any changes are fully thought through, and that they avoid the stress and anxiety that a new system or poor decision making, or both, could cause.

My final thought about carers and financial hardship is on the axing by the Government of the savings gateway scheme, mentioned by my hon. Friend the Member for Stretford and Urmston. The savings gateway would have given carers in receipt of carer's allowance an additional 50p for every £1 that they saved. I am sure that Members will have seen research by Carers UK showing that carers spend their savings over the years, which leaves many of them caring unpaid around the clock, and with no savings and no buffer against large purchases. That places an enormous strain on carers.

My hon. Friend the Member for Liverpool, Wavertree (Luciana Berger) made a strong case for raising carer's allowance. When the Minister was in opposition, he asked the then Minister for a timetable by which carer's allowance would be raised. He also asked for its eligibility to be extended so that pensioner carers would get proper recognition in the payments that they receive. Will the Minister take on board comments about the coalition's plans for benefits for carers and those whom they care for, and will he consider giving us the timetable that he asked for when in opposition for increasing carer's allowance and dealing with the eligibility of pensioner carers?

A further matter is the work being done by carers organisations, with primary care trusts and schools, to identify carers and refer them to sources of advice and support. In Salford, The Princess Royal Trust for Carers has two excellent projects to identify and support carers. One works with primary care teams and the other with local schools. The primary care project run by the excellent Julia Ellis has developed effective partnership working with teams at Salford primary care trust and at Salford Royal hospital. Over recent years, Salford has moved from having a low level of recognition of carers to a situation that sounds as good as might exist elsewhere. There is a carers link in most GP practices and a new GP toolkit; NHS staff and staff at the Salford Royal hospital act as the lead on carers issues; there are carers information files on all wards at Salford Royal; and there is increased awareness among carers' social workers at the hospital. Another recent development is that pharmacists and other professionals in Salford are now supporting the work of identifying carers.

The coalition Government propose radical changes to primary care trusts; they also propose that schools could opt of local authority control. I am anxious that excellent practice in identifying carers, such as that developed in Salford, will be affected by the changes. How can carers organisations ensure that a strategic view of the needs of carers in an area can be taken once GPs and schools are acting independently?

The importance of signposting carers to sources of information should not be underestimated. Signposting is done by carers centres and carers support groups, but I believe that it can and should be done more by GPs, their primary care teams and by hospital staff. However, we must be realistic about the work that it entails. Members have spoken of the big society and volunteers, but identifying carers means reaching a large number of people working throughout the health service. The figures for NHS and social services staff in 2008 are as follows: there are 33,730 GPs and 88,435 hospital doctors; 92,000 people working in primary care trusts, including 4,200 doctors involved in primary care delivery; and 49,800 social workers, of whom 2,205 provided health-related social work.

The role of reaching out to all those GPs and primary care staff, hospital doctors and health-related social workers cannot be left to primary care projects such as the one in Salford. The Princess Royal trust has recently worked with the Royal College of General Practitioners in developing an action guide to help GPs and their teams to support carers. That guide has been distributed to every GP practice. The royal college also piloted a training programme for GPs. I believe that the Government could give more of an incentive for GPs to undertake the vital task of identifying carers.

I commend to the Minister and the House the private Member's Bill that I introduced to the House in April 2007—the Carers (Identification and Support) Bill. The Bill would require health bodies to identify patients who are carers or who have a carer, and would require identified carers to be referred to sources of help and support. It would also require health bodies to ensure that health services for patients and carers took the carers' needs into account. In a second version, it would have required schools to have a policy to identify and support young carers. Without such legislation, GPs have as an incentive only three points in the quality and outcomes framework awarded for work undertaken to identify carers in their practice population. That does not seem much of an incentive. I hope to reintroduce my Bill to the House, and I hope that the Minister and all present today will support it. I understand that the Minister has said that he wants to see GPs identifying carers more often.

An important link has been identified today—that of raising the matter with GPs and developing similar guidance for schools. Ofsted highlighted in a report that local authorities were identifying fewer young carers than might have been expected. We do not know the precise number of children and young people who care for family members. In my Worsley and Eccles South constituency, the young carers project supported by

[Barbara Keeley]

Salford carers centre is doing some excellent work on identifying and supporting young carers in two local high schools. I met the young carers on an adventure day out and also when they launched their DVD on bullying—bullying is a serious problem for young carers.

Family pathfinder projects have done some good work on improving support for young carers. The Labour Government provided funding to the Princess Royal Trust for Carers and the Children's Society to help them raise awareness of the issue and to build skills in supporting young carers. They published guidance for schools, developed information sheets for GP practices and produced other materials, such as DVDs on listening to young carers. I hope that the Minister and his colleagues in the now Department for Education support the continuation of that funding, and adopt and develop the good practice coming out of the 19 young carer pathfinder projects.

My hon. Friend the Member for Hartlepool (Mr Wright) spoke movingly about the needs of young carers and the difficulties that vulnerable young people have in their transition to adult services. A possible impact of the personalisation agenda might be that a family that includes a young carer of a person who is self-funding through an individual budget may have little or no contact with professional agencies. If professional agencies are not good at identifying carers when they have contact, they will definitely not be good at it if the family is managing the budget themselves. There is concern about that, and it makes awareness-raising work with professionals important. The role of schools and GPs in identifying carers becomes crucial to ensure that the child or young person gets help and support.

It has been a pleasure to be part of this debate today. Some 10 Members and the Minister have made contributions. As the hon. Member for Banbury said, the Minister understands the issues for carers and for social care. He also understands, I think, the strength of our expectations that he will continue to be a champion for carers. It is delivery on commitments that matter to them.

4.41 pm

Mr Burstow: I absolutely agree with that point, and that is why we will not promise to pay cash sums into the NHS baseline that therefore cannot be delivered to where Ministers claim that they will be delivered, and it is why we will ensure that we, as a Government, will provide both leadership and, when appropriate, direction to deliver the sorts of things that hon. Members on both sides of the Chamber have outlined today.

This helpful and useful debate will help to take our thinking forward as we begin our work on refreshing the carers strategy. Hon. Members cited many examples of good practice on the ground, and they offer beacons of hope for how services might look across the country. Challenging those who commission services locally to ensure that they learn from such examples of good practice is a task for not just the Government, but everyone. Examples of best practice do not come from the statutory sector alone, even though the most innovative parts of that sector are themselves beacons. As many hon. Members have said, we also have to applaud and encourage the social enterprises and social entrepreneurs who have spotted opportunities to do something for their communities and found the resources to do so.

I have identified a number of key issues from this debate: what we can do better to identify carers, whether they are young, old or from ethnic minority communities; what we can do to provide information and support for carers so that they can navigate their own way through the system; and what we can do to make the system simpler so that it is not the maze of benefits and complex rules about which we have heard so much in the debate. We realise that people who wear the label "carer" are not all the same. Carers are unique individuals confronting unique circumstances that require individualised and personalised responses. I agree entirely with hon. Members' points about the need to empower carers as well as the people being cared for.

I will try my best to answer the questions that have been put today, but if I miss anything out, I guarantee that I will write to hon. Members with a fuller response than I can give today. I will also ensure that the points that have been made, particularly in respect of benefits, are raised in cross-ministerial and cross-departmental discussions on the carers strategy at the right place and at the right time. I want them to be taken into account as the work around simplifying and modernising the benefit system is taken forward.

The hon. Member for Worsley and Eccles South (Barbara Keeley), who spoke for the Opposition, made a number of points, many of which we can work on together. Many hon. Members will be aware of her track record inside and outside the House. Elements of her speech made me feel that she expected me to take full responsibility for the things that the previous Government did not quite get right, such as the times when their implementation of a measure was flawed or when they failed to take note of representations. Although it is entirely fair for her to rehearse the points that I made in opposition—I certainly take those to heart—she will understand if I say to her that the last Government's record left a lot to be desired, by which I mean that the improvements for which carers were hoping were not actually delivered.

Reference has been made to the huge financial pressures in many of our public services at the moment. I was struck quite strongly by the way in which the cuts that have been in train in local authorities for many months are somehow being laid at the door of this Government. In reality, those cuts were initiated and conceived under the last Government, and I just wish that there was a bit more humility and understanding of that. We have a shared challenge when it comes to dealing with the huge public sector deficit in this country. It is all well and good challenging this Government about what they will do in terms of the spending review over the next few months, but it would also be appropriate for a responsible Opposition to offer up suggestions that they believe would be painless that we could do instead.

Barbara Keeley: I do not know whether the Minister has experienced this during his parliamentary career, but the constituency that I represented between 2005 and 2010 covered two local authorities, and it was interesting to see the different priorities that those authorities gave to their work in social care and for carers. We heard a very good example of that in the debate, as Hammersmith and Fulham is adopting a swingeing policy that could take away a vital resource from carers, which I hope that something can be done about. I have heard the leader of

Salford council hotly defend the fact that he would rather spend money on adult social care than on potholes, yet quite a lot of people in the city want money spent on potholes. Transparency and localism is one thing but, as with other aspects of health and support services, we could end up with a situation whereby a council such as Hammersmith and Fulham could remove a service, leaving its carers with nothing, while another area, such as Salford, would have excellent voluntary organisations and a council that prioritised social care.

Mr Burstow: The hon. Member for Hammersmith (Mr Slaughter) made some important points about the situation in his constituency and what his local authority was doing. The hon. Member for Banbury (Tony Baldry) also made references to the impact of tendering. Those are issues to consider, but I am not going to become a Minister responsible for micro-managing every single local authority and the decisions that they take on the allocation of resources—that is not a Minister's job. However, we do need to ensure that there are not unintended consequences with respect to the rules and procedures followed by local authorities that fall under the Government's responsibility. I will be very happy to hear further from both hon. Members, either in this debate or afterwards, to ensure that we have the correct rules. We want to support local services that are appropriate to a local community and that the community actually values.

Mr Slaughter: For the avoidance of doubt, I just want to say that it is not so much the financial situation in my area that I am concerned about, because my local authority says that it will, in due course, provide a service for carers. I am more concerned about the impropriety and mismanagement that has led to a long-standing service being simply dissolved overnight although there is no provision in place for the best part of a year to come. I would have thought that that was something in which a Minister and the Government would be interested. It is not to do with involvement in individual cuts; it is to do with the fact that a local authority is unable to manage its own affairs.

Mr Burstow: The hon. Gentleman has been a Member for some time, so he will know that there are regulatory systems in place that would deal with local authorities that were performing in the way that he describes. I am not aware that the authority's activity has been reported in such a way. However, I stand by the offer that I have made, and I will be happy to receive further representations about the impact of tendering arrangements.

I want to pick up on the references that were made to the operating framework because the hon. Member for Worsley and Eccles South was right to point out that, in the operating framework that the Government issued just last week, we identified a requirement in the local priorities for the publication of dementia strategies. We think that that is an important signal. It was a signal to local PCTs that we wanted them to be more public facing and accountable to their local communities, and that they should account for why they have chosen not to spend money on dementia strategies. The signal was not specifically about dementia, but that we expected more of that sort of transparency in general. People should not need freedom of information requests to get information from PCTs about how public money is being spent, and I hope that that message will be understood by our local organisations that deliver such services.

The hon. Lady also talked about ring-fencing more broadly. The Government are determined to ensure that there is as much flexibility as possible for local authorities to make choices about how they prioritise their resources to deliver what is necessary to meet the needs of their local communities. We have made it clear that because we see the social care transformation grant as such a priority for investment in changes to services, so that they are genuinely personalised in the future, the budget for the final year in which it is available to local authorities will continue to be ring-fenced. We wanted to send the signal that we considered that grant to be important, and we want to ensure that local authorities deliver that grant during the course of this year.

The hon. Lady made a number of very useful points about good practice and the way in which GPs, schools and others play a part in delivering early identification of carers, whether those carers are young, old or otherwise. That should certainly inform the thinking of any Government when it comes to delivering a good carers strategy.

The hallmark of this important debate has been the great consensus about what needs to be done and the value that Members from all parties place on carers. I shall now try to address some of the other points that have been made.

The hon. Member for Stretford and Urmston (Kate Green) talked about financial issues and benefit changes, and such concerns were echoed by others. The carers cross-government programme board, which is charged with providing cohesion around the carers strategy, will look at those issues and hold cross-government discussions about them to ensure that the way in which we go about simplifying the benefit system actually delivers the right results at the end of the day.

The hon. Lady also expressed concern about the impact of public service cuts, which was also referred to by several hon. Members. Again, it is important to remember that some of the measures that are already in place were not initiated by this Government. Nevertheless, we have to be mindful about the impact of any budget decisions that we make through the spending review process. That will certainly be at the forefront of Ministers' thinking in the coming weeks and months as we consider all the options that will have to be considered as part of the review.

The hon. Lady also talked about the difficulties faced by carers coming back into the workplace—the cliff edge, as she described it. The coalition Government's programme sets out very clearly a desire to improve this country's tax system significantly so that we raise the amount at which someone starts to pay income tax to £10,000. We believe that as we move towards implementing that change, we will begin to smooth out some of that cliff edge and start to have a significant impact on easing people's return to work.

The hon. Member for Kingswood (Chris Skidmore) made a very good speech in which he set out a number of the challenges that we face. In particular, he rightly discussed the current complexity in the benefit system and the way in which it can be an obstacle to take-up of benefits.

[Mr Burstow]

The hon. Member for Hartlepool (Mr Wright) made a very good speech. He set out a range of issues relating to young carers in particular, but he also raised other points. He made a very important point about the Hartlepool carers centre, which he mentioned a lot in his speech, and it clearly provides an important service in his area. He also cited the £150 million a year that it saves taxpayers by reducing pressures on NHS resources. We need to ensure that such examples of social enterprises playing a part in easing pressure on public services and helping carers are considered. Such mutual operations can really make a difference.

The hon. Gentleman, like several hon. Members, talked about the role of GPs. He also made some comments about benefits. I refer him to what I have said about how we intend to move forward on benefits.

The hon. Gentleman also asked specifically about young carers. The key point I would make is that the Department of Health is piloting personal health budgets. In my written ministerial statement on Monday, I announced how we intend to evaluate those schemes. The schemes should give us yet another way of smoothing and removing some of the cliff edge that we have heard about by providing access to resources for care and health in a way that allows people to exercise real control over them and therefore much more control over their lives. That is particularly important for managing and smoothing the transition from childhood into adulthood, and we all want to ensure that that transition is made smoother.

The hon. Member for Chatham and Aylesford (Tracey Crouch) spoke about the key issue of the identification of carers. She said that only 5% of carers in her area had been identified by the local carers centre. A large number of people are hidden at the moment and do not necessarily identify themselves as carers. The identification of carers is a key challenge as part of the process of refreshing the carers strategy.

We have heard about the importance of flexible support for carers. Again, that is why personalisation will remain an absolutely central part of how the Government take forward the development of services. Such services should be tailored to fit around people's lives, rather than requiring people constantly to navigate around them, often for the convenience of the service provider rather than the convenience of the person or family themselves. We want to accelerate towards achieving that vital aim, and we also need increased use of more user-led organisations that are much closer to the circumstances of the family, meaning that they can play an important part in advocacy, brokerage and helping families to navigate around the system.

I think that I have already addressed the main point made by the hon. Member for Hammersmith, who clearly put on record a number of powerful testimonies from his constituents about the value that they place on the centre to which he referred. However, as I have said, I will not attempt to micro-manage the decisions of local government colleagues of any particular party persuasion, as it is for them to account to their electorate for the way in which they spend public money.

The hon. Member for Totnes (Dr Wollaston) discussed young carers and talked about the devastating impact that alcohol can have on people's lives. She offered advice about some of the ways in which the Government might tackle that issue, such as a pricing policy, and cited advice that the NICE has given. I can tell her that we will be publishing a White Paper on public health later this year setting out the Government's approach on such challenging issues. I hope that my right hon. Friend the Secretary of State for Health will say more about that White Paper in the not-too-distant future.

The hon. Lady also talked about safeguarding, and we have announced a review of the vetting and barring system. I am one of the Health Ministers with responsibility for safeguarding, so I will receive the recommendations from that review. We need to ensure that the system is proportionate to the risk and that it delivers the appropriate safeguards, but it must not be so bureaucratic and difficult that it actually becomes a barrier to people participating as volunteers, so that is one of the tests that we will apply to the system.

The hon. Member for Liverpool, Wavertree (Luciana Berger) talked about the USDAW campaign, as well as the importance that she attaches to the role of carers in her constituency, some of whom she has already visited. She also discussed the plight of working carers, their interaction with the benefits system and the need for an examination of tapering as a way in which people could retain an element of carer's allowance. All I can say at this stage is that the Government are committed to reviewing the system with a view to simplifying it.

The hon. Lady also asked how we could ensure that there is greater awareness of the right to seek flexible working. Again, that is not just a challenge for the Department of Health. We will need a cross-government approach on the issue involving my colleagues in the Department for Business, Innovation and Skills and the Department for Work and Pensions. Together, we have a part to play in ensuring that people are genuinely aware of that right.

The hon. Member for Blackpool North and Cleveleys (Paul Maynard) spoke very effectively. I was in the House when he made his maiden speech and it was one of the most impressive that I have heard. I know that his speech was excellent compared with mine 13 years ago.

Mr Wright: Hear, hear.

Mr Burstow: I wish that I had not put it that way, but there we go. That is the trouble with putting things on record.

We heard about the National Audit Office report on Jobcentre Plus, and it is important that the Government pay close attention to the work of the NAO. I was a member of the Public Accounts Committee during the last Parliament, and when the NAO identifies opportunities to obtain value for money and get more out of existing resources, it is important that we take them. If the report is not already required reading for DWP Ministers and officials, it should be.

The hon. Member for Blackpool North and Cleveleys also discussed the care to share forum that was set up to consider respite. We see peer support as a powerful part of what the big society is all about. It enables people to step up and support each other, rather than seeing local authority services as the solution to everything. The right to respite has been discussed a lot in this debate. It is often not the case that a carer wants a week off; a

matter of hours can make a huge difference. When I was visiting some services in Newham recently, I met the people who run a telecare project and several carers who had benefited from it. It was clear that what was important to them was the knowledge that the person for whom they cared was safe so they could have a cup of coffee with a friend, a chat and a bit of real life, as that refreshed them. We need more such opportunities for many others.

The hon. Member for Llanelli (Nia Griffith) discussed how we can ensure that carers can both stay in work and return to work. She also mentioned Alzheimer's and dementia, and research into those diseases. I am sure that she will know that, in the coalition programme for government, we indicated a clear commitment to prioritise dementia research. I am the Minister who chairs the board with responsibility for considering the issue, and we will be making announcements about how we will take it forward in due course.

The hon. Member for Banbury said some kind things, as a result of which I now feel immense pressure—thank you very much! He also made a good point about carers week that I read in this way: carers week is not an annual event; it is every week. We need to find ways to make that not just a platitude but a reality for carers throughout our country. He spoke a lot about the role of GPs as commissioners and the difference that they can make. They are one of the universal services and they see many carers. We must ensure that all GPs understand that when someone comes to see them because of a sickness or disability, the person with them is often the carer, who needs to be identified and offered the signposting and support that will make a difference for them.

The hon. Member for Banbury mentioned the caring with confidence programme, as did several other hon. Members. I purposely included it in my opening remarks because I wanted to be up front about what I had decided to do. My view, having considered the evidence about the programme, was not that the training materials were not excellent—they are well regarded by the carers who have been through the programme—but simply that we were not getting value for money from the delivery. Not enough carers had been through the programme, and there was no evidence that delivery would accelerate significantly. Now the money will be reinvested into delivering more training—including GP training, which has been mentioned—and more support for carers. We will make further announcements in due course.

Barbara Keeley: As with other developments, I did not hear about this in the House; I heard about it from carers organisations. Does the Minister realise the extent to which carers support groups and organisations are concerned? They were geared up and trained to deliver the programme. Having useful materials will be a good thing, but materials are not enough to run a course. They need somewhere to run it, a trained person—probably paid—and resources during the day. It would be useful if some of the money could be diverted to training GPs, but that is a mainstream NHS matter. I emphasise that there is a great deal of concern among carers organisations about the programme, so anything that the Minister can do will be a help.

Mr Burstow: I am grateful to the hon. Lady for that point. I spent time earlier this week on the phone with all the carers organisations that have a direct interest in the matter. We are discussing actively with them the best way to reinvest the money to deliver good outcomes for carers. As and when that becomes clearer, I will certainly make further announcements to the House.

Tony Baldry: Will my hon. Friend tell us when the general issue of funding for carers will be addressed, and whether it will be addressed in the carers strategy?

Mr Burstow: I am looking at my notes on the points about benefits that the hon. Gentleman made and the precise time scales. Obviously, I am not the Minister responsible for the review of welfare benefits, which several hon. Members have mentioned, but it is clear that the timetable is quick and that reports back will be made during the spending review. Hon. Members who have representations to make about how we ensure that carers' interests are served within those changes should therefore make them now. This debate is a good part of that process, and I will ensure that the matter is kept in the minds of Ministers and officials.

There will be tough decisions, one of which has been my decision about caring with confidence. We will need to ensure that every penny we spend has an impact on the lives of carers, but we must make no false economies. One of the themes of this debate is that we must ensure that the investments that we make deliver good outcomes, and that when we must reduce public expenditure, we do not just shunt costs around the system. We understand that point.

I hold to the view that carers are an important thread that holds communities together. We need to do more to support them. Their value will grow as our society ages and people with disabilities live longer. We must ensure, both across parties and within the coalition, that the refreshed strategy delivers tangible results, rather than being just a statement of intent. It must be clear about delivering change for carers. That is this Government's commitment, and I look forward to making the difference, along with colleagues, as we go forward.

Question put and agreed to.

5.8 pm

Sitting adjourned.